



PROPERTY AND CASUALTY COMPANIES - ASSOCIATION EDITION

ANNUAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2008
OF THE CONDITION AND AFFAIRS OF THE
YOSEMITE INSURANCE COMPANY

NAIC Group Code 0012 (Current) 0012 (Prior) NAIC Company Code 26220 Employer's ID Number 94-1590201

Organized under the Laws of INDIANA, State of Domicile or Port of Entry INDIANA
Country of Domicile United States of America

Incorporated/Organized 01/16/1964 Commenced Business 08/14/1964

Statutory Home Office 601 NW 2ND ST (Street and Number) EVANSVILLE, IN 47708-1013 (City or Town, State and Zip Code)

Main Administrative Office 601 NW 2ND ST (Street and Number) EVANSVILLE, IN 47708-1013 (City or Town, State and Zip Code) 812-424-8031 (Area Code) (Telephone Number)

Mail Address PO BOX 159 (Street and Number or P.O. Box) EVANSVILLE, IN 47701-0159 (City or Town, State and Zip Code)

Primary Location of Books and Records 601 NW 2ND ST (Street and Number) EVANSVILLE, IN 47708-1013 (City or Town, State and Zip Code) 812-468-5839 (Area Code) (Telephone Number)

Internet Website Address WWW.AGFINANCE.COM

Statutory Statement Contact LORI L. CARDINAL (Name) 812-468-5390 (Area Code) (Telephone Number)
INSURANCE\_FINREPORTING@AGFINANCE.COM (E-mail Address) 812-468-5811 (FAX Number)

OFFICERS

President FREDERICK WALLACE GEISSINGER Treasurer BRYAN ALDEN BINYON
Secretary THOMAS DEAN GRABER

OTHER

BRYAN ALDEN BINYON VICE PRESIDENT STEPHEN LON BLAKE SENIOR VICE PRESIDENT DONALD RAY BREIVOGEL, JR. SENIOR VICE PRESIDENT
RAYMOND STEPHEN BROWN SENIOR VICE PRESIDENT
VINCENT JOHN CIUFFETELLI VICE PRESIDENT ROBERT ALLEN COLE SENIOR VICE PRESIDENT
BRETTE LEE FOSTER VICE PRESIDENT THOMAS DEAN GRABER VICE PRESIDENT GEORGE WILLIAM KENNEDY # VICE PRESIDENT
MATTHEW TURNER KREYLING # VICE PRESIDENT LENIS JAY MCCLAIN VICE PRESIDENT LEONARD JOSEPH WINIGER VICE PRESIDENT

DIRECTORS OR TRUSTEES

STEPHEN LON BLAKE BRADFORD DALE BORCHERS # JEFFREY MICHAEL BOSZOR
DONALD RAY BREIVOGEL, JR. ROBERT ALLEN COLE FREDERICK WALLACE GEISSINGER
GEORGE DAVID ROACH

State of INDIANA SS:
County of VANDERBURGH

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

ROBERT ALLEN COLE
SENIOR VICE PRESIDENT

LEONARD JOSEPH WINIGER
ASSISTANT SECRETARY

BRYAN ALDEN BINYON
TREASURER

Subscribed and sworn to before me this 20TH day of FEBRUARY, 2009

a. Is this an original filing? Yes [ X ] No [ ]
b. If no,
1. State the amendment number.....
2. Date filed .....
3. Number of pages attached.....

ANNUAL STATEMENT FOR THE YEAR 2008 OF THE Yosemite Insurance Company

**ASSETS**

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D) .....	235,281,314		235,281,314	477,120,334
2. Stocks (Schedule D):				
2.1 Preferred stocks .....	4,828,100		4,828,100	5,194,200
2.2 Common stocks .....	51,991,722		51,991,722	52,598,625
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens .....				
3.2 Other than first liens .....				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ .....				
encumbrances) .....				
4.2 Properties held for the production of income (less				
\$ .....				
encumbrances) .....				
4.3 Properties held for sale (less \$ .....				
encumbrances) .....				
5. Cash (\$ .....				
(463,269), Schedule E - Part 1), cash equivalents				
(\$ .....				
, Schedule E - Part 2) and short-term				
investments (\$ .....				
102,741,243, Schedule DA) .....	102,277,974		102,277,974	5,842,087
6. Contract loans (including \$ .....				
premium notes) .....				
7. Other invested assets (Schedule BA) .....	4,078,263		4,078,263	3,238,495
8. Receivable for securities .....	15,550		15,550	7,308
9. Aggregate write-ins for invested assets .....				
10. Subtotals, cash and invested assets (Lines 1 to 9) .....	398,472,923		398,472,923	544,001,049
11. Title plants less \$ .....				
charged off (for Title insurers				
only) .....				
12. Investment income due and accrued .....	3,733,121		3,733,121	7,448,204
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection .....	7,069,022		7,069,022	4,501,149
13.2 Deferred premiums, agents' balances and installments booked but				
deferred and not yet due (including \$ .....				
earned but unbilled premiums) .....				
13.3 Accrued retrospective premiums .....				
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers .....	78,091		78,091	67,525
14.2 Funds held by or deposited with reinsured companies .....				
14.3 Other amounts receivable under reinsurance contracts .....				
15. Amounts receivable relating to uninsured plans .....				
16.1 Current federal and foreign income tax recoverable and interest thereon .....				687,606
16.2 Net deferred tax asset .....	6,482,000	4,273,000	2,209,000	1,902,000
17. Guaranty funds receivable or on deposit .....				
18. Electronic data processing equipment and software .....				
19. Furniture and equipment, including health care delivery assets				
(\$ .....				
) .....	12,174	12,174		
20. Net adjustment in assets and liabilities due to foreign exchange rates .....				
21. Receivables from parent, subsidiaries and affiliates .....				
22. Health care (\$ .....				
) and other amounts receivable .....				
23. Aggregate write-ins for other than invested assets .....	66,383	66,383		
24. Total assets excluding Separate Accounts, Segregated Accounts and				
Protected Cell Accounts (Lines 10 to 23) .....	415,913,714	4,351,557	411,562,157	558,607,533
25. From Separate Accounts, Segregated Accounts and Protected Cell				
Accounts .....				
26. Total (Lines 24 and 25)	415,913,714	4,351,557	411,562,157	558,607,533
<b>DETAILS OF WRITE-INS</b>				
0901. ....				
0902. ....				
0903. ....				
0998. Summary of remaining write-ins for Line 9 from overflow page .....				
0999. Totals (Lines 0901 thru 0903 plus 0998)(Line 9 above)				
2301. Prepaid Expenses .....	66,383	66,383		
2302. ....				
2303. ....				
2398. Summary of remaining write-ins for Line 23 from overflow page .....				
2399. Totals (Lines 2301 thru 2303 plus 2398)(Line 23 above)	66,383	66,383		

ANNUAL STATEMENT FOR THE YEAR 2008 OF THE Yosemite Insurance Company

**LIABILITIES, SURPLUS AND OTHER FUNDS**

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8) .....	27,683,937	26,294,333
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6) .....	6,957	5,667
3. Loss adjustment expenses (Part 2A, Line 35, Column 9) .....	4,620,635	4,363,949
4. Commissions payable, contingent commissions and other similar charges .....		
5. Other expenses (excluding taxes, licenses and fees) .....	44,107	145,588
6. Taxes, licenses and fees (excluding federal and foreign income taxes) .....	962,141	722,417
7.1 Current federal and foreign income taxes (including \$ ..... on realized capital gains (losses)) .....	2,467,460	
7.2 Net deferred tax liability .....		
8. Borrowed money \$ ..... and interest thereon \$ .....		
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ .....1,938 and including warranty reserves of \$ ..... ) .....	55,610,264	55,823,345
10. Advance premium .....		
11. Dividends declared and unpaid:		
11.1 Stockholders .....		
11.2 Policyholders .....		
12. Ceded reinsurance premiums payable (net of ceding commissions) .....		
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19) .....		
14. Amounts withheld or retained by company for account of others .....	22,935	15,915
15. Remittances and items not allocated .....		
16. Provision for reinsurance (Schedule F, Part 7) .....	3,924,200	4,237,200
17. Net adjustments in assets and liabilities due to foreign exchange rates .....		
18. Drafts outstanding .....		
19. Payable to parent, subsidiaries and affiliates .....	2,139,159	1,705,477
20. Payable for securities .....		
21. Liability for amounts held under uninsured plans .....		
22. Capital notes \$ ..... and interest thereon \$ .....		
23. Aggregate write-ins for liabilities .....		
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23) .....	97,481,795	93,313,891
25. Protected cell liabilities .....		
26. Total liabilities (Lines 24 and 25) .....	97,481,795	93,313,891
27. Aggregate write-ins for special surplus funds .....		
28. Common capital stock .....	5,000,000	5,000,000
29. Preferred capital stock .....		
30. Aggregate write-ins for other than special surplus funds .....		
31. Surplus notes .....		
32. Gross paid in and contributed surplus .....	23,188,434	23,188,434
33. Unassigned funds (surplus) .....	285,891,928	437,105,208
34. Less treasury stock, at cost:		
34.1 ..... shares common (value included in Line 28 \$ ..... ) .....		
34.2 ..... shares preferred (value included in Line 29 \$ ..... ) .....		
35. Surplus as regards policyholders (Lines 27 to 33, less 34) (Page 4, Line 39) .....	314,080,362	465,293,642
36. TOTALS (Page 2, Line 26, Col. 3)	411,562,157	558,607,533
<b>DETAILS OF WRITE-INS</b>		
2301. ....		
2302. ....		
2303. ....		
2398. Summary of remaining write-ins for Line 23 from overflow page .....		
2399. Totals (Lines 2301 thru 2303 plus 2398)(Line 23 above)		
2701. ....		
2702. ....		
2703. ....		
2798. Summary of remaining write-ins for Line 27 from overflow page .....		
2799. Totals (Lines 2701 thru 2703 plus 2798)(Line 27 above)		
3001. ....		
3002. ....		
3003. ....		
3098. Summary of remaining write-ins for Line 30 from overflow page .....		
3099. Totals (Lines 3001 thru 3003 plus 3098)(Line 30 above)		

**STATEMENT OF INCOME**

	1 Current Year	2 Prior Year
<b>UNDERWRITING INCOME</b>		
1. Premiums earned (Part 1, Line 35, Column 4).....	61,015,042	56,922,674
<b>DEDUCTIONS:</b>		
2. Losses incurred (Part 2, Line 35, Column 7).....	16,285,875	12,887,318
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1).....	3,939,753	3,420,264
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2).....	11,816,020	12,101,656
5. Aggregate write-ins for underwriting deductions.....		
6. Total underwriting deductions (Lines 2 through 5).....	32,041,648	28,409,238
7. Net income of protected cells.....		
8. Net underwriting gain or (loss) (Line 1 minus Line 6 plus Line 7).....	28,973,394	28,513,436
<b>INVESTMENT INCOME</b>		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	22,611,806	24,285,505
10. Net realized capital gains or (losses) less capital gains tax of \$ 2,430,363 (Exhibit of Capital Gains (Losses) ).....	4,388,658	(293,544)
11. Net investment gain (loss) (Lines 9 + 10).....	27,000,464	23,991,961
<b>OTHER INCOME</b>		
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ amount charged off \$ ).....		
13. Finance and service charges not included in premiums.....		
14. Aggregate write-ins for miscellaneous income.....	186,620	199,328
15. Total other income (Lines 12 through 14).....	186,620	199,328
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	56,160,478	52,704,725
17. Dividends to policyholders.....		
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17).....	56,160,478	52,704,725
19. Federal and foreign income taxes incurred.....	11,620,703	11,638,446
20. Net income (Line 18 minus Line 19)(to Line 22).....	44,539,775	41,066,279
<b>CAPITAL AND SURPLUS ACCOUNT</b>		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2).....	465,293,642	423,066,276
22. Net income (from Line 20).....	44,539,775	41,066,279
23. Net transfers (to) from Protected Cell accounts.....		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ 54,627.....	(434,642)	2,789,547
25. Change in net unrealized foreign exchange capital gain (loss).....		
26. Change in net deferred income tax.....	378,627	(291,646)
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26, Col. 3).....	(10,040)	(258,014)
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1).....	313,000	(1,078,800)
29. Change in surplus notes.....		
30. Surplus (contributed to) withdrawn from protected cells.....		
31. Cumulative effect of changes in accounting principles.....		
32. Capital changes:		
32.1 Paid in.....		
32.2 Transferred from surplus (Stock Dividend).....		
32.3 Transferred to surplus.....		
33. Surplus adjustments:		
33.1 Paid in.....		
33.2 Transferred to capital (Stock Dividend).....		
33.3 Transferred from capital.....		
34. Net remittances from or (to) Home Office.....		
35. Dividends to stockholders.....	(196,000,000)	
36. Change in treasury stock (Page 3, Lines 34.1 and 34.2, Column 2 minus Column 1).....		
37. Aggregate write-ins for gains and losses in surplus.....		
38. Change in surplus as regards policyholders for the year (Lines 22 through 37).....	(151,213,280)	42,227,366
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 35).....	314,080,362	465,293,642
<b>DETAILS OF WRITE-INS</b>		
0501. ....		
0502. ....		
0503. ....		
0598. Summary of remaining write-ins for Line 5 from overflow page.....		
0599. Totals (Lines 0501 thru 0503 plus 0598)(Line 5 above).....		
1401. Miscellaneous Income.....	186,620	199,328
1402. ....		
1403. ....		
1498. Summary of remaining write-ins for Line 14 from overflow page.....		
1499. Totals (Lines 1401 thru 1403 plus 1498)(Line 14 above).....	186,620	199,328
3701. ....		
3702. ....		
3703. ....		
3798. Summary of remaining write-ins for Line 37 from overflow page.....		
3799. Totals (Lines 3701 thru 3703 plus 3798)(Line 37 above).....		

ANNUAL STATEMENT FOR THE YEAR 2008 OF THE Yosemite Insurance Company

**CASH FLOW**

	1	2
	Current Year	Prior Year
<b>Cash from Operations</b>		
1. Premiums collected net of reinsurance .....	58,234,088	59,764,459
2. Net investment income .....	27,300,093	24,453,756
3. Miscellaneous income .....	186,620	199,328
4. Total (Lines 1 through 3) .....	85,720,801	84,417,543
5. Benefit and loss related payments .....	14,905,547	11,445,741
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts .....		
7. Commissions, expenses paid and aggregate write-ins for deductions .....	15,360,842	16,082,701
8. Dividends paid to policyholders .....		
9. Federal and foreign income taxes paid (recovered) net of \$ 2,430,363 tax on capital gains (losses) .....	10,896,000	11,853,115
10. Total (Lines 5 through 9) .....	41,162,389	39,381,557
11. Net cash from operations (Line 4 minus Line 10) .....	44,558,412	45,035,986
<b>Cash from Investments</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds .....	311,239,848	27,844,674
12.2 Stocks .....		6,826,659
12.3 Mortgage loans .....		
12.4 Real estate .....		
12.5 Other invested assets .....	109,895	338,951
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments .....		
12.7 Miscellaneous proceeds .....		19,809
12.8 Total investment proceeds (Lines 12.1 to 12.7) .....	311,349,743	35,030,093
13. Cost of investments acquired (long-term only):		
13.1 Bonds .....	63,621,340	78,572,976
13.2 Stocks .....		358,685
13.3 Mortgage loans .....		
13.4 Real estate .....		
13.5 Other invested assets .....	290,344	231,240
13.6 Miscellaneous applications .....	8,242	
13.7 Total investments acquired (Lines 13.1 to 13.6) .....	63,919,926	79,162,901
14. Net increase (decrease) in contract loans and premium notes .....		
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14) .....	247,429,817	(44,132,808)
<b>Cash from Financing and Miscellaneous Sources</b>		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes .....		
16.2 Capital and paid in surplus, less treasury stock .....		
16.3 Borrowed funds .....		
16.4 Net deposits on deposit-type contracts and other insurance liabilities .....		
16.5 Dividends to stockholders .....	196,000,000	
16.6 Other cash provided (applied) .....	447,658	(1,077,488)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6) .....	(195,552,342)	(1,077,488)
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) .....	96,435,887	(174,310)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year .....	5,842,087	6,016,397
19.2 End of period (Line 18 plus Line 19.1) .....	102,277,974	5,842,087

Note: Supplemental disclosures of cash flow information for non-cash transactions:

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ANNUAL STATEMENT FOR THE YEAR 2008 OF THE Yosemite Insurance Company

**UNDERWRITING AND INVESTMENT EXHIBIT**

PART 1 - PREMIUMS EARNED

Line of Business		1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums Dec. 31 Prior Year - per Col. 3, Last Year's Part 1	3 Unearned Premiums Dec. 31 Current Year - per Col. 5 Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1.	Fire .....	20,504,021	7,709,685	9,162,758	19,050,948
2.	Allied lines .....				
3.	Farmowners multiple peril .....				
4.	Homeowners multiple peril .....				
5.	Commercial multiple peril .....				
6.	Mortgage guaranty .....				
8.	Ocean marine .....				
9.	Inland marine .....	3,180,447	9,069,985	7,191,545	5,058,887
10.	Financial guaranty .....				
11.1	Medical malpractice - occurrence .....				
11.2	Medical malpractice - claims-made .....				
12.	Earthquake .....				
13.	Group accident and health .....				
14.	Credit accident and health (group and individual) .....	(34)	177		143
15.	Other accident and health .....				
16.	Workers' compensation .....				
17.1	Other liability - occurrence .....				
17.2	Other liability - claims-made .....				
18.1	Products liability - occurrence .....				
18.2	Products liability - claims-made .....				
19.1, 19.2	Private passenger auto liability .....				
19.3, 19.4	Commercial auto liability .....				
21.	Auto physical damage .....	21,725,560	10,914,728	11,387,893	21,252,395
22.	Aircraft (all perils) .....				
23.	Fidelity .....				
24.	Surety .....		1,410	538	872
26.	Burglary and theft .....				
27.	Boiler and machinery .....				
28.	Credit .....				
29.	International .....				
30.	Warranty .....				
31.	Reinsurance - Nonproportional Assumed Property .....				
32.	Reinsurance - Nonproportional Assumed Liability .....				
33.	Reinsurance - Nonproportional Assumed Financial Lines .....				
34.	Aggregate write-ins for other lines of business .....	15,391,967	28,127,360	27,867,530	15,651,797
35.	<b>TOTALS</b>	<b>60,801,961</b>	<b>55,823,345</b>	<b>55,610,264</b>	<b>61,015,042</b>
<b>DETAILS OF WRITE-INS</b>					
3401.	Involuntary Unemployment Insurance .....	15,391,967	28,127,360	27,867,530	15,651,797
3402.	.....				
3403.	.....				
3498.	Summary of remaining write-ins for Line 34 from overflow page .....				
3499.	Totals (Lines 3401 thru 3403 plus 3498)(Line 34 above)	15,391,967	28,127,360	27,867,530	15,651,797

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 1A - RECAPITULATION OF ALL PREMIUMS

	1	2	3	4	5
Line of Business	Amount Unearned (Running One Year or Less from Date of Policy) (a)	Amount Unearned (Running More Than One Year from Date of Policy) (a)	Earned But Unbilled Premium	Reserve for Rate Credits and Retrospective Adjustments Based on Experience	Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1. Fire .....	9,162,758				9,162,758
2. Allied lines .....					
3. Farmowners multiple peril .....					
4. Homeowners multiple peril .....					
5. Commercial multiple peril .....					
6. Mortgage guaranty .....					
8. Ocean marine .....					
9. Inland marine .....	1,613	7,189,932			7,191,545
10. Financial guaranty .....					
11.1 Medical malpractice - occurrence .....					
11.2 Medical malpractice - claims-made .....					
12. Earthquake .....					
13. Group accident and health .....					
14. Credit accident and health (group and individual) .....					
15. Other accident and health .....					
16. Workers' compensation .....					
17.1 Other liability - occurrence .....					
17.2 Other liability - claims-made .....					
18.1 Products liability - occurrence .....					
18.2 Products liability - claims-made .....					
19.1, 19.2 Private passenger auto liability .....					
19.3, 19.4 Commercial auto liability .....					
21. Auto physical damage .....	11,365,117	22,776			11,387,893
22. Aircraft (all perils) .....					
23. Fidelity .....					
24. Surety .....		538			538
26. Burglary and theft .....					
27. Boiler and machinery .....					
28. Credit .....					
29. International .....					
30. Warranty .....					
31. Reinsurance - Nonproportional Assumed Property .....					
32. Reinsurance - Nonproportional Assumed Liability .....					
33. Reinsurance - Nonproportional Assumed Financial Lines .....					
34. Aggregate write-ins for other lines of business	102,416	27,765,114			27,867,530
35. TOTALS	20,631,904	34,978,360			55,610,264
36. Accrued retrospective premiums based on experience .....					
37. Earned but unbilled premiums .....					
38. Balance (Sum of Line 35 through 37)					55,610,264
<b>DETAILS OF WRITE-INS</b>					
3401. Involuntary Unemployment Insurance .....	102,416	27,765,114			27,867,530
3402. ....					
3403. ....					
3498. Summary of remaining write-ins for Line 34 from overflow page .....					
3499. Totals (Lines 3401 thru 3403 plus 3498)(Line 34 above)	102,416	27,765,114			27,867,530

(a) State here basis of computation used in each case      PRO RATA .....

ANNUAL STATEMENT FOR THE YEAR 2008 OF THE Yosemite Insurance Company

**UNDERWRITING AND INVESTMENT EXHIBIT**

PART 1B - PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written Cols. 1+2+3-4-5
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire .....	6,084,524		14,419,497			20,504,021
2. Allied lines .....						
3. Farmowners multiple peril .....						
4. Homeowners multiple peril .....						
5. Commercial multiple peril .....						
6. Mortgage guaranty .....						
8. Ocean marine .....						
9. Inland marine .....	2,197,485		982,962			3,180,447
10. Financial guaranty .....						
11.1 Medical malpractice - occurrence .....						
11.2 Medical malpractice - claims-made .....						
12. Earthquake .....						
13. Group accident and health .....						
14. Credit accident and health (group and individual) .....	(34)					(34)
15. Other accident and health .....						
16. Workers' compensation .....						
17.1 Other liability - occurrence .....						
17.2 Other liability - claims-made .....						
18.1 Products liability - occurrence .....						
18.2 Products liability - claims-made .....						
19.1, 19.2 Private passenger auto liability .....						
19.3, 19.4 Commercial auto liability .....						
21. Auto physical damage .....	17,879,392		3,846,168			21,725,560
22. Aircraft (all perils) .....						
23. Fidelity .....						
24. Surety .....						
26. Burglary and theft .....						
27. Boiler and machinery .....						
28. Credit .....						
29. International .....						
30. Warranty .....						
31. Reinsurance - Nonproportional Assumed Property .....	XXX					
32. Reinsurance - Nonproportional Assumed Liability .....	XXX					
33. Reinsurance - Nonproportional Assumed Financial Lines .....	XXX					
34. Aggregate write-ins for other lines of business .....	15,258,073		132,314	(1,580)		15,391,967
35. TOTALS	41,419,440		19,380,941	(1,580)		60,801,961
<b>DETAILS OF WRITE-INS</b>						
3401. Involuntary Unemployment Insurance .....	15,258,073		132,314	(1,580)		15,391,967
3402. ....						
3403. ....						
3498. Summary of remaining write-ins for Line 34 from overflow page .....						
3499. Totals (Lines 3401 thru 3403 plus 3498)(Line 34 above)	15,258,073		132,314	(1,580)		15,391,967

(a) Does the company's direct premiums written include premiums recorded on an installment basis? Yes [ ] No [ X ]

If yes: 1. The amount of such installment premiums \$ .....

2. Amount at which such installment premiums would have been reported had they been reported on an annualized basis \$ .....

ANNUAL STATEMENT FOR THE YEAR 2008 OF THE Yosemite Insurance Company

**UNDERWRITING AND INVESTMENT EXHIBIT**

PART 2 - LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1. Fire .....	1,520,251	5,468,951		6,989,202	3,241,927	2,476,377	7,754,752	40.7
2. Allied lines .....								
3. Farmowners multiple peril .....								
4. Homeowners multiple peril .....								
5. Commercial multiple peril .....								
6. Mortgage guaranty .....								
8. Ocean marine .....								
9. Inland marine .....	140,036	63,459		203,495	427,403	516,142	114,756	2.3
10. Financial guaranty .....								
11.1 Medical malpractice - occurrence .....								
11.2 Medical malpractice - claims-made .....								
12. Earthquake .....								
13. Group accident and health .....								
14. Credit accident and health (group and individual) .....	398			398		2,272	(1,874)	(1,310.5)
15. Other accident and health .....								
16. Workers' compensation .....								
17.1 Other liability - occurrence .....	52,302		72,021	(19,719)	10,920,750	11,132,228	(231,197)	
17.2 Other liability - claims-made .....								
18.1 Products liability - occurrence .....								
18.2 Products liability - claims-made .....								
19.1, 19.2 Private passenger auto liability .....								
19.3, 19.4 Commercial auto liability .....								
21. Auto physical damage .....	3,250,878	710,094		3,960,972	3,350,491	3,026,709	4,284,754	20.2
22. Aircraft (all perils) .....								
23. Fidelity .....								
24. Surety .....					253	555	(302)	(34.6)
26. Burglary and theft .....								
27. Boiler and machinery .....								
28. Credit .....								
29. International .....								
30. Warranty .....								
31. Reinsurance - Nonproportional Assumed Property .....	XXX							
32. Reinsurance - Nonproportional Assumed Liability .....	XXX	62,105	(3,613)	65,718	5,564,044	5,435,025	194,737	
33. Reinsurance - Nonproportional Assumed Financial Lines .....	XXX							
34. Aggregate write-ins for other lines of business .....	3,600,049	100,028	3,872	3,696,205	4,179,069	3,705,025	4,170,249	26.6
35. TOTALS .....	8,563,914	6,404,637	72,280	14,896,271	27,683,937	26,294,333	16,285,875	26.7
<b>DETAILS OF WRITE-INS</b>								
3401. Involuntary Unemployment Insurance .....	3,600,049	100,028	3,872	3,696,205	4,179,069	3,705,025	4,170,249	26.6
3402. ....								
3403. ....								
3498. Summary of remaining write-ins for Line 34 from overflow page .....								
3499. Totals (Lines 3401 thru 3403 plus 3498)(Line 34 above) .....	3,600,049	100,028	3,872	3,696,205	4,179,069	3,705,025	4,170,249	26.6

ANNUAL STATEMENT FOR THE YEAR 2008 OF THE Yosemite Insurance Company

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES**

Line of Business	Reported Losses			Incurred But Not Reported			8 Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	9 Net Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed		
1. Fire	168,000	691,000		859,000	703,445	1,679,482	3,241,927	291,613
2. Allied lines								
3. Farmowners multiple peril								
4. Homeowners multiple peril								
5. Commercial multiple peril								
6. Mortgage guaranty								
8. Ocean marine								
9. Inland marine	18,000	8,400		26,400	292,420	108,583	427,403	13,373
10. Financial guaranty								
11.1 Medical malpractice - occurrence								
11.2 Medical malpractice - claims-made								
12. Earthquake								
13. Group accident and health							(a)	
14. Credit accident and health (group and individual)							(a)	
15. Other accident and health								
16. Workers' compensation								
17.1 Other liability - occurrence	6,972,984		4,526,600	2,446,384	18,983,973		10,509,607	2,842,463
17.2 Other liability - claims-made								
18.1 Products liability - occurrence								
18.2 Products liability - claims-made								
19.1, 19.2 Private passenger auto liability								
19.3, 19.4 Commercial auto liability								
21. Auto physical damage	439,600	45,000		484,600	2,464,384	401,507	3,350,491	131,143
22. Aircraft (all perils)								
23. Fidelity								
24. Surety					253		253	15
26. Burglary and theft								
27. Boiler and machinery								
28. Credit								
29. International								
30. Warranty								
31. Reinsurance - Nonproportional Assumed Property	XXX				XXX			
32. Reinsurance - Nonproportional Assumed Liability	XXX	5,801,620	3,540,000	2,261,620	XXX	4,866,030	1,563,606	5,564,044
33. Reinsurance - Nonproportional Assumed Financial Lines	XXX				XXX			506,433
34. Aggregate write-ins for other lines of business	1,939,142	55,961	1,449	1,993,654	2,149,450	37,990	2,025	4,179,069
35. TOTALS	9,537,726	6,601,981	8,068,049	8,071,658	24,593,925	7,093,592	12,075,238	27,683,937
<b>DETAILS OF WRITE-INS</b>								
3401. Involuntary Unemployment Insurance	1,939,142	55,961	1,449	1,993,654	2,149,450	37,990	2,025	4,179,069
3402.								
3403.								
3498. Summary of remaining write-ins for Line 34 from overflow page								
3499. Totals (Lines 3401 thru 3403 plus 3498)(Line 34 above)	1,939,142	55,961	1,449	1,993,654	2,149,450	37,990	2,025	4,179,069

(a) Including \$ ..... for present value of life indemnity claims.

ANNUAL STATEMENT FOR THE YEAR 2008 OF THE Yosemite Insurance Company

**UNDERWRITING AND INVESTMENT EXHIBIT**

PART 3 - EXPENSES

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct .....	983,936			983,936
1.2 Reinsurance assumed .....	303,496			303,496
1.3 Reinsurance ceded .....	37,814			37,814
1.4 Net claim adjustment service (1.1 + 1.2 - 1.3) .....	1,249,618			1,249,618
2. Commission and brokerage:				
2.1 Direct excluding contingent .....		5,177,685		5,177,685
2.2 Reinsurance assumed excluding contingent .....		1,656,425		1,656,425
2.3 Reinsurance ceded excluding contingent .....		(740)		(740)
2.4 Contingent - direct .....				
2.5 Contingent - reinsurance assumed .....				
2.6 Contingent - reinsurance ceded .....				
2.7 Policy and membership fees .....				
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7) .....		6,834,850		6,834,850
3. Allowances to managers and agents .....				
4. Advertising .....		308,797		308,797
5. Boards, bureaus and associations .....		71,765		71,765
6. Surveys and underwriting reports .....				
7. Audit of assureds' records .....				
8. Salary and related items:				
8.1 Salaries .....	861,340	2,009,793	197,406	3,068,539
8.2 Payroll taxes .....	49,164	114,716		163,880
9. Employee relations and welfare .....	169,200	394,800	28,889	592,889
10. Insurance .....				
11. Directors' fees .....				
12. Travel and travel items .....	529	52,351	9,629	62,509
13. Rent and rent items .....				
14. Equipment .....	581,058	183,492	105,925	870,475
15. Cost or depreciation of EDP equipment and software .....				
16. Printing and stationery .....	139,108	24,549	24,074	187,731
17. Postage, telephone and telegraph, exchange and express .....	779,017	77,046	72,222	928,285
18. Legal and auditing .....	4,396	435,223	19,259	458,878
19. Totals (Lines 3 to 18) .....	2,583,812	3,672,532	457,404	6,713,748
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$ 497 .....		1,035,483		1,035,483
20.2 Insurance department licenses and fees .....		171,873		171,873
20.3 Gross guaranty association assessments .....		2,243		2,243
20.4 All other (excluding federal and foreign income and real estate) .....				
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4) .....		1,209,599		1,209,599
21. Real estate expenses .....				
22. Real estate taxes .....				
23. Reimbursements by uninsured plans .....				
24. Aggregate write-ins for miscellaneous expenses .....	106,322	99,039	24,074	229,435
25. Total expenses incurred .....	3,939,752	11,816,020	481,478 (a)	16,237,250
26. Less unpaid expenses - current year .....	4,620,635	1,006,249		5,626,884
27. Add unpaid expenses - prior year .....	4,363,949	868,005		5,231,954
28. Amounts receivable relating to uninsured plans, prior year .....				
29. Amounts receivable relating to uninsured plans, current year .....				
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29) .....	3,683,066	11,677,776	481,478	15,842,320
<b>DETAILS OF WRITE-INS</b>				
2401. Change in Unpaid Inside Unallocated LAE .....	106,322	99,039	24,074	229,435
2402. ....				
2403. ....				
2498. Summary of remaining write-ins for Line 24 from overflow page .....				
2499. Totals (Lines 2401 thru 2403 plus 2498)(Line 24 above) .....	106,322	99,039	24,074	229,435

(a) Includes management fees of \$ 2,238,465 to affiliates and \$ to non-affiliates.

ANNUAL STATEMENT FOR THE YEAR 2008 OF THE Yosemite Insurance Company

**EXHIBIT OF NET INVESTMENT INCOME**

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 224,583	224,646
1.1 Bonds exempt from U.S. tax	(a) 14,282,337	10,245,628
1.2 Other bonds (unaffiliated)	(a) 11,634,426	11,955,990
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b) 390,700	390,700
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)	3,473	3,473
2.21 Common stocks of affiliates		
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 195,840	195,840
7. Derivative instruments	(f)	
8. Other invested assets	77,005	77,005
9. Aggregate write-ins for investment income	2	2
10. Total gross investment income	26,808,366	23,093,284
11. Investment expenses		(g) 481,478
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		
16. Total deductions (Lines 11 through 15)		481,478
17. Net investment income (Line 10 minus Line 16)		22,611,806
<b>DETAILS OF WRITE-INS</b>		
0901. Miscellaneous Income	2	2
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page		
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above)	2	2
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		
1599. Totals (Lines 1501 thru 1503 plus 1598) (Line 15, above)		

- (a) Includes \$ 131,840 accrual of discount less \$ 1,105,044 amortization of premium and less \$ 197,584 paid for accrued interest on purchases.
- (b) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued dividends on purchases.
- (c) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
- (d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
- (e) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
- (f) Includes \$ accrual of discount less \$ amortization of premium.
- (g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ interest on surplus notes and \$ interest on capital notes.
- (i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.

**EXHIBIT OF CAPITAL GAINS (LOSSES)**

	1	2	3	4	5
	Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds					
1.1 Bonds exempt from U.S. tax	7,039,689		7,039,689	(67,660)	
1.2 Other bonds (unaffiliated)	(34,292)	(186,379)	(220,671)	1,328	
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)				(366,100)	
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)				(70,809)	
2.21 Common stocks of affiliates				(536,093)	
3. Mortgage loans					
4. Real estate					
5. Contract loans					
6. Cash, cash equivalents and short-term investments					
7. Derivative instruments					
8. Other invested assets				659,319	
9. Aggregate write-ins for capital gains (losses)					
10. Total capital gains (losses)	7,005,397	(186,379)	6,819,018	(380,015)	
<b>DETAILS OF WRITE-INS</b>					
0901.					
0902.					
0903.					
0998. Summary of remaining write-ins for Line 9 from overflow page					
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above)					

ANNUAL STATEMENT FOR THE YEAR 2008 OF THE Yosemite Insurance Company

**EXHIBIT OF NON-ADMITTED ASSETS**

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D) .....			
2. Stocks (Schedule D):			
2.1 Preferred stocks .....			
2.2 Common stocks .....			
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens .....			
3.2 Other than first liens .....			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company .....			
4.2 Properties held for the production of income .....			
4.3 Properties held for sale .....			
5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2) and short-term investments (Schedule DA) .....			
6. Contract loans .....			
7. Other invested assets (Schedule BA) .....			
8. Receivables for securities .....			
9. Aggregate write-ins for invested assets .....			
10. Subtotals, cash and invested assets (Lines 1 to 9) .....			
11. Title plants (for Title insurers only) .....			
12. Investment income due and accrued .....			
13. Premiums and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection .....			
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due .....			
13.3 Accrued retrospective premiums .....			
14. Reinsurance:			
14.1 Amounts recoverable from reinsurers .....			
14.2 Funds held by or deposited with reinsured companies .....			
14.3 Other amounts receivable under reinsurance contracts .....			
15. Amounts receivable relating to uninsured plans .....			
16.1 Current federal and foreign income tax recoverable and interest thereon .....			
16.2 Net deferred tax asset .....	4,273,000	4,256,000	(17,000)
17. Guaranty funds receivable or on deposit .....			
18. Electronic data processing equipment and software .....			
19. Furniture and equipment, including health care delivery assets .....	12,174	24,856	12,682
20. Net adjustment in assets and liabilities due to foreign exchange rates .....			
21. Receivables from parent, subsidiaries and affiliates .....			
22. Health care and other amounts receivable .....			
23. Aggregate write-ins for other than invested assets .....	66,383	60,661	(5,722)
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23) .....	4,351,557	4,341,517	(10,040)
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			
26. Total (Lines 24 and 25) .....	4,351,557	4,341,517	(10,040)
<b>DETAILS OF WRITE-INS</b>			
0901. ....			
0902. ....			
0903. ....			
0998. Summary of remaining write-ins for Line 9 from overflow page .....			
0999. Totals (Lines 0901 thru 0903 plus 0998)(Line 9 above)			
2301. Prepaid Expenses .....	66,383	60,661	(5,722)
2302. ....			
2303. ....			
2398. Summary of remaining write-ins for Line 23 from overflow page .....			
2399. Totals (Lines 2301 thru 2303 plus 2398)(Line 23 above)	66,383	60,661	(5,722)

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## NOTES TO FINANCIAL STATEMENTS

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Accounting Practices

The financial statements of Yosemite Insurance Company (“the Company”) are presented on the basis of accounting practices prescribed or permitted by the Indiana Department of Insurance.

The Indiana Department of Insurance recognizes only statutory accounting practices prescribed or permitted by the state of Indiana for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the Indiana Insurance Law. The National Association of Insurance Commissioners (NAIC) *Accounting Practices and Procedures* manual, (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the state of Indiana.

The Company does not employ any prescribed or permitted accounting practices that differ from NAIC SAP.

The Company maintains sufficient risk based capital to cover any unforeseen practices or events.

#### B. Use of Estimates

The preparation of financial statements in conformity with accounting practices prescribed or permitted by the Indiana Department of Insurance requires management to make estimates and assumptions that affect the reported amounts in the statutory financial statements. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the period. Actual results could differ from those estimates.

#### C. Significant Accounting Policies

Premiums are earned over the terms of the related insurance policies and reinsurance contracts. Unearned premium reserves are established to cover the unexpired portion of premiums written. Such reserves are computed by pro rata methods for direct business and are based on reports received from ceding companies for reinsurance or actuarial estimates.

Expenses incurred in connection with acquiring new insurance business, including such acquisition costs as sales commissions, are charged to operations as incurred. Expenses incurred are reduced for ceding allowances received or receivable.

In addition, the Company uses the following accounting policies:

1. Short-term investments are carried at cost, which approximates market, and have original maturities of greater than three months and less than one year at the date of acquisition. Such highly liquid investments with original maturities of three months or less at the date of acquisition are classified as cash equivalents.
2. Bonds not backed by other loans are carried at amortized cost except for those with a NAIC designation of “3” through “6” or “6\*”. Bonds with a NAIC 3 through 6 rating are carried at the lower of amortized cost or fair value with unrealized losses charged directly to unassigned surplus with a credit or charge to unrealized investment gains or losses. Bonds that have not been filed with the NAIC’s Security Valuation Office (“SVO”) within one year of purchase receive a “6\*” rating and are carried at zero with the unrealized loss charged directly to unassigned surplus, with a charge to unrealized investment loss. Bonds filed with the SVO which receive a 6\* designation can carry a value greater than zero. If the decline in fair value of a bond is considered to be other than temporary, the cost basis is written down to fair value and the amount of the write-down is recognized as a realized loss. The determination that a security has incurred an other-than-temporary impairment in value and the amount of any loss recognition requires the judgment of the Company’s management and a continued review of its investments. The discount or premium on bonds is amortized using the effective yield method.
3. Unaffiliated common stocks are carried at fair value, with unrealized investment gains and losses credited or charged directly to unassigned surplus. Provisions made for impairment are recorded as realized investment losses when declines in fair value are determined to be other than temporary.
4. Perpetual preferred stock with an NAIC rating of P1/P2 are carried at market value with unrealized investment gains and losses credited or charged directly to unassigned surplus. Redeemable preferred stocks with an NAIC rating of RP1/RP2 are carried at cost or amortized cost with unrealized investment gains and losses credited or charged directly to unassigned surplus. All below investment grade preferred stock are carried at the lower of cost, amortized cost or NAIC-designated market value with unrealized investment gains and losses credited or charged directly to unassigned surplus.
5. Mortgage loans on real estate are carried at the amortized unpaid balances.
6. Loan-backed securities are stated at amortized cost, except for those with a NAIC designation of “3” through “6” or “6\*”. Loan-backed securities with a NAIC 3 through 6 rating are carried at the lower of amortized cost or fair value. Loan-backed securities that have not been filed within one year of purchase receive a “6\*” rating and are carried at zero with unrealized losses charged directly to unassigned surplus with a charge to unrealized investment loss. Loan-backed securities filed with the SVO which receive a 6\* designation can carry a value greater than zero. Income recognition for loan-backed bonds and structured securities is determined using the effective yield method and contractual maturities. The Company has elected to use the book value as of January 1, 1994 for the cost of securities whose historical cash flows are not readily available when applying the retrospective adjustment method to loan-backed securities purchased prior to that date. Prepayment assumptions for single-class and multi-class mortgage-backed and asset-backed securities were obtained from broker dealer survey values or internal estimates. The Company uses independent pricing services and broker quotes in determining the market value of its loan-backed securities. The Company uses the retrospective adjustment method to account for the effect of unscheduled payments affecting high credit quality securities, while securities with less than high credit quality are accounted for using the prospective adjustment method.
7. The Company owns the following subsidiaries or affiliated securities:

	<u>Security Type</u>	<u>% Owned</u>	<u>Basis</u>
CommoLoCo, Inc.	Common Stock	100%	Equity

Investments in affiliates are accounted for using the equity method of accounting. Undistributed equity in earnings of affiliates is included in unassigned surplus as a component of unrealized investment gains or losses. Dividends received from such affiliates are recorded as investment income when received.

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## NOTES TO FINANCIAL STATEMENTS

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8. Other invested assets primarily consist of investments in limited partnerships and limited liability companies and are accounted for using the equity method. Investments in these assets, except for joint ventures, partnerships and limited liability companies with a minor ownership interest, shall be reported using an equity method as defined in Statement of Statutory Accounting Principles (SSAP) No. 97 – Investments in Subsidiary, Controlled, and Affiliated Entities. Pursuant to SSAP 97, such investments are generally reported based on audited U.S. GAAP equity, with subsequent adjustment to a statutory basis of accounting, if applicable.

Joint ventures, partnerships and limited liability companies in which the Company has a minor ownership interest (i.e., less than 10%) or lacks control, were generally recorded based on the underlying audited U.S. GAAP equity of the investee, with some prescribed exceptions. Effective for reporting periods ending December 31, 2008 and thereafter, the changes to SSAP No. 48 – *Joint Ventures, Partnerships and Limited Liability Companies* allow the use of (a) the U.S. GAAP basis equity as set forth in the footnote reconciliation of Foreign GAAP equity and income to U.S. GAAP within the audited foreign GAAP financial statements or (b) the International Financial Reporting Standards (IFRS) basis equity in the audited IFRS prepared financial statements as an acceptable basis for the valuation of minor/non-controlled investments. In addition, the audited U.S. tax basis equity may also be used in certain circumstances.

All investments in other invested assets in which underlying audited U.S. GAAP financial statements, or another acceptable audited basis of accounting as described above were not available, have been nonadmitted as assets as required by SSAPs 48 and/or 97. Undistributed accumulated earnings of such entities are included in unassigned surplus as a component of unrealized investment gains or losses. Distributions received that are not in excess of the undistributed accumulated earnings are recognized as investment income. Impairments that are determined to be other than temporary are recognized as realized losses.

9. The Company does not engage in the use of derivative instruments.
10. The Company anticipates investment income as a factor in the premium deficiency calculation, in accordance with SSAP No. 53, Property-Casualty Contracts – Premiums.
11. Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates, loss reports and an amount based on past experience for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates, and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liabilities are continually reviewed and any adjustments are reflected in the period determined.
12. The Company has not modified its capitalization policy from the prior period.
13. The Company has no pharmaceutical rebate receivables.
14. The Company regularly evaluates its investments for other-than-temporary impairments (OTTI) in value. The determination that a security has incurred an other-than-temporary impairment in value and the amount of any loss recognition requires the judgment of the Company's management and a continual review of its investments. As described in Note 2 A-Accounting Changes, the Company adopted a change in its OTTI accounting principle in 2008. Beginning in the fourth quarter of 2008, the Company recognized OTTI based on prescribed SAP guidance contained in the relevant SSAPs pertaining to the investment type and Interpretation of the Emerging Accounting Issues Working Group (INT) 06-07: *Definition of Phrase "Other Than Temporary"*. Prior to the fourth quarter of 2008, the Company had followed a "GAAP OTTI equals SAP OTTI" accounting policy that had been widely accepted as permissible for statutory financial statements.

In periods subsequent to the recognition of an other-than-temporary impairment loss for fixed maturity securities, the Company generally accretes the discount or amortizes the premium over the remaining life of the security based on the amount and timing of future estimated cash flows.

## 2. ACCOUNTING CHANGES AND CORRECTIONS OF ERRORS

### A. Accounting Changes

#### Other Than Temporary Impairments (OTTI)

The Company and its domestic insurance affiliates ("the Companies") have historically followed a "GAAP OTTI equals SAP OTTI" policy that has been widely and consistently accepted by insurers, insurance regulators and the accounting profession as permissible for statutory financial statements. In the fourth quarter of 2008, the Companies adopted the other acceptable OTTI accounting principle that is based on prescribed SAP guidance. Under the Companies' historical policy, securities were written down to fair value at the time of the OTTI charge for both GAAP and SAP. For example, in our application of our historical GAAP OTTI equal SAP OTTI policy, OTTI charges for loan-backed securities were written down to fair value. In contrast, if the Companies had historically followed a prescribed SAP policy, credit impairments would have been determined based on the adequacy of undiscounted cash flows and impaired securities would have been written down to the undiscounted cash flow amounts in accordance with SSAP No. 43.

Reflecting on the virtually unprecedented market volatility and disruption in 2008, management initiated a "fresh look" at our SAP OTTI accounting policy during the fourth quarter of 2008. Management's review concluded that credit spread widening in 2008, primarily related to imbalances in the marketplace and perceived higher risk of entire sectors, verified its concern that it would no longer be appropriate to continue the existing GAAP OTTI equals SAP OTTI policy for 2008. Management's decision was based on the recognition of circumstances in which affected securities continued to perform and showed no signs of underlying credit impairment, despite a continuation of depressed fair values. Consequently, the Companies adopted a change from one historically acceptable application of an accounting principle (GAAP OTTI is equal to SAP OTTI) to another application (prescribed SAP OTTI) that more clearly reflects financial results under current market conditions, pursuant to the prescribed SAP guidance. Management believes that this change in SAP accounting principle has resulted in the reporting of statutory carrying values for the Companies' investments as of December 31, 2008 that more appropriately reflect management's view of true economic losses. The Companies accounted for this change in accounting principle on a prospective basis, based on consultation with their domestic regulators.

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**NOTES TO FINANCIAL STATEMENTS**


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## SSAP No. 48

Effective for reporting periods ending December 31, 2008 and thereafter, the Statutory Accounting Principles Working Group (SAPWG) adopted changes to SSAP No. 48 – *Joint Ventures, Partnerships and Limited Liability Companies*, that allows minor (i.e. less than 10%) or non-controlled investments in these investees to be recorded based on alternative bases of accounting when U.S. GAAP basis financial statements of the investee are not available. Specifically, the changes to SSAP 48 allow the use of (a) the U.S. GAAP basis equity as set forth in the footnote reconciliation of Foreign GAAP equity and income to U.S. GAAP within the audited foreign GAAP financial statements or (b) the International Financial Reporting Standards (IFRS) basis equity in the audited IFRS prepared financial statements as an acceptable basis for the valuation of minor/non-controlled investments. In addition, the audited U.S. tax basis equity may also be used in certain circumstances. Prior to the adopted change, such investments were generally required to be nonadmitted when audited U.S. GAAP basis financial statements were not available.

## SSAP No. 99

With the exception of two issues, FSP FAS 115-1/124-1 was addressed in JNT 06-07: Definition of Phrase “Other Than Temporary.” The two issues from FSP FAS 115-1/124-1 which were not addressed were referred to the Statutory Accounting Principles Working Group by the Emerging Accounting Issues Working Group. One of the issues was related to paragraph 16 (amortization/accretion after impairment) of FSP FAS 115-1/124-1. In September 2008, the Statutory Accounting Principles Working Group (SAPWG) adopted Statement of Statutory Accounting Principles (SSAP) No. 99, *Accounting for Certain Securities Subsequent to an Other Than Temporary Impairment*. SSAP No. 99 essentially adopted the GAAP guidance contained in FSP FAS 115-1/124-1 and prescribes that the discount or reduced premium recorded for a debt security, based on the new cost basis, be amortized over the remaining life of the debt security in a prospective manner based on the amount and timing of future estimated cash flows. Historically, in the absence of any SAP specific guidance on this issue, the Company had followed the provisions of FSP 115-1/124-1 on a SAP basis, and thus, does not anticipate any impact from the adoption of this SSAP.

## 3. BUSINESS COMBINATIONS AND GOODWILL

The Company neither purchased nor merged with another entity during the year ended December 31, 2008 or 2007.

## 4. DISCONTINUED OPERATIONS

The Company had no discontinued segments of business for the years ending December 31, 2008 or 2007.

## 5. INVESTMENTS

## A. Mortgage Loans

The Company had no investments in mortgage loans as of December 31, 2008 or 2007.

## B. Debt Restructuring

The Company had no debt restructuring as of December 31, 2008 or 2007.

## C. Reverse Mortgages

The Company had no reverse mortgages as of December 31, 2008 or 2007.

## D. Loan-Backed Securities

1. The Company has elected to use the book value as of January 1, 1994, for the cost of securities whose historical cash flows are not readily available, when applying the retrospective adjustment method to loan-backed securities purchased prior to that date.
2. Prepayment assumptions for single class, multi-class mortgage-backed and asset-backed securities were obtained from independent third party pricing services or internal estimates. These assumptions are consistent with the current interest rate and economic environment. The Company uses the retrospective adjustment method to account for the effect of unscheduled payments affecting high credit quality securities, while securities with less than high credit quality are accounted for using the prospective adjustment method.
3. For the years ended December 31, 2008 and 2007, respectively, the Company did not use the prospective method to value any loan-backed securities.

## E. Repurchase Agreements

1. For the years ended December 31, 2008 and 2007, the Company did not have any repurchase agreements.

## F. Real Estate

The Company had no investments in real estate as of December 31, 2008 or 2007.

## G. Low-Income Housing Tax Credits (LIHTC)

The company has no investments in low-income housing tax credits.

## H. Fair Value

As a result of the adoption of BWG 2008-22, AIG changed the manner in which it derives statutory fair value effective December 31, 2008. As such, fair value as reported on Schedule D is now based upon FAS 157 (GAAP fair value), except for those securities which are reported at a zero value (Book Adjusted Carrying Value and Fair Value) due to lack of filing with the Securities Valuation Office of the NAIC. AIG's FAS 157 pricing policy is managed by Enterprise Risk Management as well as the relevant Regional Pricing Committee, with external audit providing relevant input to the formation of the pricing policy.

All of the price sources and pricing hierarchies employed for statutory fair value were reviewed by AIG's Pricing Committee.

The vast majority of AIG's FAS 157 prices originate from an approved pricing vendor (i.e. IDC, Thomson Reuters, Bloomberg, Lehman Barclays, etc.). In connection with FAS 157 implementation in 2007, AIG's Office of Accounting Policy held a series of

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**NOTES TO FINANCIAL STATEMENTS**


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calls with the major commercial pricing vendors to review their pricing methodologies. AIG's Enterprise Risk Management recently hosted a series of update calls to assess if the vendor's pricing processes were affected by current market conditions etc. None of the vendors reported a material change.

AIG also utilized prices from various broker/dealers and custodial banks. Broker-priced items have typically been priced via a single broker quote from the underwriter or another dealer knowledgeable about the security. It is AIG's experience that broker/dealers and custodial banks rarely provide a written account of their pricing methodologies.

The remainder of AIG's securities are priced from an internal source. Most of the securities in this category are privately traded, and due to the nature of the investment, are priced manually or via AIG's private placement matrix.

As a result of recent market dislocation in the market, AIG has implemented a quarterly price testing process for structured products (RMBS, CMBS and CDOs). Publicly traded securities are sampled according to criteria set forth in advance by the Global Pricing Committee and are tested as follows:

- for vendor-priced RMBS/CMBS securities for which an alternate broker quote is available, the Investment Desk compares the prices in light of their own assessments of appropriate market spreads and speeds (using a variety of software tools) and determines which price is a more appropriate reflection of fair value;
- for broker priced RMBS/CMBS securities (no vendor coverage), the Investment Desk compares multiple broker quotes where available or assesses single broker quotes and assesses the reasonability of prices using the analysis and tools noted above; and
- for CDOs, the Investment Desk samples a portion of the portfolio and calculates a price using the Desk's Intex model. In the event of a significant disparity, the Desk prepares a commentary and opinion of the appropriate fair value.

Each broker quote for a private placement security is reviewed by the credit analyst, trader and one member of the private placement management team. In the event that a broker quote is deemed inappropriate, the price is overridden with a price from another approved price source.

#### 6. JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES

- A. The Company has no investments in Joint Ventures, Partnerships or Limited Liability Companies that exceed 10% of its admitted assets.
- B. The Company did not recognize an impairment write-down on a Limited Partnership investment in 2008.

#### 7. INVESTMENT INCOME

Due and accrued income was excluded from investment income on bonds where the collection of interest is uncertain or in interest default as described by Moody's.

The company had no due and accrued income excluded for the year ended December 31, 2008.

#### 8. DERIVATIVE INSTRUMENTS

The Company had no derivative instruments as of December 31, 2008.

#### 9. INCOME TAXES

##### A. Net Deferred Tax Asset

Components of the net deferred tax asset recognized in the Assets, Liabilities, Surplus and Other Funds are as follows:

	Dec. 31, 2008	Dec. 31, 2007
Total of gross deferred tax assets	\$ 6,877,000	\$ 6,514,000
Total of deferred tax liabilities	<u>395,000</u>	<u>356,000</u>
Net deferred tax asset	6,482,000	6,158,000
Deferred tax asset nonadmitted	<u>4,273,000</u>	<u>4,256,000</u>
Net admitted deferred tax asset	<u>\$ 2,209,000</u>	<u>\$ 1,902,000</u>
(Increase) decrease in nonadmitted asset:	<u>\$ (17,000)</u>	

##### B. Net deferred tax liability

There are no deferred tax liabilities that have not been recognized.

##### C. Incurred Taxes on Earnings

The provisions for incurred taxes on earnings for the years ended December 31 are:

	2008	2007
Federal income tax on operations	\$ 11,621,000	\$ 11,638,000
Federal income tax on net capital gains	<u>2,430,000</u>	<u>(158,000)</u>
Federal income tax incurred	<u>\$ 14,051,000</u>	<u>\$ 11,480,000</u>

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**NOTES TO FINANCIAL STATEMENTS**


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The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are as follows:

	Dec. 31, 2008	Dec. 31, 2007
Deferred tax assets:		
Policy reserves	\$ 6,088,000	\$ 5,795,000
Unrealized capital losses	233,000	288,000
Basis differential on investments	223,000	124,000
Other	<u>333,000</u>	<u>307,000</u>
Total deferred tax assets	6,877,000	6,514,000
Nonadmitted deferred tax assets	<u>4,273,000</u>	<u>4,256,000</u>
Admitted deferred tax assets	2,604,000	2,258,000
Deferred tax liabilities:		
Basis differential on investments	294,000	356,000
Other	<u>101,000</u>	<u>0</u>
Total deferred tax liabilities	395,000	356,000
Net admitted deferred tax asset	<u>\$ 2,209,000</u>	<u>\$ 1,902,000</u>

The change in net deferred income tax is comprised of the following:

	Dec. 31, 2008	Dec. 31, 2007	Change
Total deferred tax assets	\$ 6,877,000	\$ 6,514,000	\$ 363,000
Total deferred tax liabilities	<u>395,000</u>	<u>356,000</u>	<u>39,000</u>
Net deferred tax asset (liability)	6,482,000	6,158,000	324,000
Tax effect of unrealized gains (losses)			<u>55,000</u>
Change in net deferred income tax			<u>\$ 379,000</u>

#### D. Federal Income Tax Provision

The provision for federal income tax incurred is different from that which would be obtained by applying the statutory federal income tax rate to income before income tax. The significant items causing this difference are as follows:

	Dec. 31, 2008	Effective Tax Rate
Income tax expense at applicable rate	\$ 20,507,000	35.00%
Dividends received deduction	(82,000)	-0.14%
Tax-exempt interest	(6,509,000)	-11.11%
Other	<u>(244,000)</u>	<u>-0.42%</u>
Total	<u>\$ 13,672,000</u>	<u>22.41%</u>
Federal income tax incurred	\$ 14,051,000	23.98%
Change in net deferred income tax	<u>(379,000)</u>	<u>-6.5%</u>
Total statutory income taxes	<u>\$ 13,672,000</u>	<u>22.41%</u>

#### E. Operating Loss Carryforwards

The Company had no net operating loss carryforwards at December 31, 2008.

The following are income taxes incurred in the current and prior years that will be available for recoupment in the event of future net losses:

2008	\$14,051,000
2007	\$11,949,000
2006	\$11,076,000

The Company had no aggregate amount of deposits admitted under Section 6603 of the Internal Revenue Service Code.

#### F. Tax-Sharing Agreement

The Company's ultimate parent, American International Group, Inc. (AIG), files a consolidated federal income tax return of which the Company is included. The Company has a written agreement with AIG setting forth the manner in which the total consolidated federal income tax is allocated to each entity that joins in the consolidated return. The document states that AIG agrees not to charge the company a greater portion of the consolidated tax liability than would have been paid by the Company had it filed a separate federal income tax return. Additionally, AIG agrees to reimburse the Company for any tax benefits arising out of net losses, if any, within ninety days after the filing of the consolidated federal income tax return for the year in which the losses are used.

### 10. INFORMATION CONCERNING PARENT, SUBSIDIARIES, AFFILIATES AND OTHER RELATED PARTIES

All outstanding shares of the Company are owned by American General Finance Corporation, domiciled in the State of Indiana. The Company's ultimate parent is AIG.

The Company paid cash dividends totaling \$196,000,000 to its parent company, American General Finance Corporation in 2008. The Company paid an ordinary dividend on August 14, 2008 of \$46,000,000 and an extraordinary dividend on December 29, 2008 of \$150,000,000. No dividends were paid in 2007.

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## NOTES TO FINANCIAL STATEMENTS

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In September 2008, AIG was experiencing increasing stress on its liquidity. As a result, on September 22, 2008, AIG entered into an \$85 billion revolving credit facility (the "Fed Facility") and a guarantee and pledge agreement with the Federal Reserve Bank of New York. Under the Fed Facility, AIG has agreed to issue Participating Preferred Stock to a trust for the benefit of the United States Treasury. The terms of the Fed Facility were amended on November 9, 2008 to reduce the total commitment under the Fed Facility to \$60 billion; reduce the interest rate payable on outstanding borrowings under the Fed Facility; reduce the fee payable on undrawn amounts; and extend the term of the Fed Facility from two years to five years.

The Company owns a 100% interest in CommoLoCo, Inc., whose carrying value is less than 10% of the admitted assets of the Company. The Company carried CommoLoCo, Inc. at the GAAP equity balance of \$51,733,904 at December 31, 2008.

The Company did not have any changes in intercompany agreements.

The Company reported no receivables from parent, subsidiaries, or affiliates at December 31, 2008 and 2007, respectively.

The Company reported payables to parent, subsidiaries, and affiliates of \$2,139,159 at December 31, 2008 and \$1,705,477 at December 31, 2007 in conjunction with all non-tax intercompany agreements. The settlement terms require that these amounts be settled within 30 days. The Company reported a federal income tax payable to its parent, AIG, in the amount of \$2,467,460 at December 31, 2008 and a recoverable from AIG in the amount of \$687,606 at December 31, 2007 in accordance with the terms of its intercompany tax sharing agreement.

The Company has no guarantees or undertakings for the benefit of an affiliate, which results in a material contingent exposure of the Company's or any related party's assets or liabilities.

The Company and several of its affiliates have entered into contracts indefinite in duration for the performance of various services. All affiliated and unaffiliated management, service, and administrative fees were allocated to the appropriate classifications on Underwriting and Investment Exhibit, Part 3. These services include all investment management services for the Company for which the Company was charged \$286,257 in 2008 and other administrative services for which the Company was charged \$1,952,208 in 2008. All other agreements are cost allocation agreements, involving the Company, its parent or an affiliate based on reasonable and customary cost allocation methods.

The Company has an inter-company demand note with American General Finance Corporation. These borrowings are on demand and are unsecured. Interest will accrue on the unpaid principal amount of each advance until such principal amount is paid in full, calculated as follows: interest equal to the outstanding principal balance on each day of the month multiplied by one month LIBOR plus 25 basis points will be charged for the month. (LIBOR is herein defined as the one month "London Interbank Offered Rate" quoted by the Lender at approximately 11:00 a.m. London time, or as soon thereafter as practicable, appearing on the Telerate Service page 3750, or such other page as may replace that page in that service, as the London Interbank Offered Rate for Dollar deposits). All interest calculations shall be made on a basis of a year consisting of 360 days.

The Company did not own shares of an upstream intermediate or ultimate parent, either directly or indirectly via a downstream subsidiary, controlled or affiliated company.

The Company had no writedowns for Impairment of Investment in Affiliates.

The Company had no investment in a foreign insurance subsidiary.

The Company does not hold an investment in a downstream noninsurance holding company.

### 11. DEBT

The Company had no capital note obligations or liabilities for borrowed money as of December 31, 2008 or 2007.

### 12. RETIREMENT PLANS, DEFERRED COMPENSATION, POSTEMPLOYMENT BENEFITS AND COMPENSATED ABSENCES AND OTHER POSTRETIREMENT BENEFIT PLANS

The Company has no employees. American General Finance Management Corporation employees provide all administrative services. A portion of American General Finance Management Corporation expenses relating to these activities is allocated to the Company.

#### A. Defined Benefit Plans

The Company does not sponsor any defined benefit plans.

#### B. Defined Contribution Plans

The Company does not sponsor any defined contribution plans.

#### C. Multi-employer Plans

The Company does not sponsor any multi-employer plans.

#### D. Consolidated/Holding Company Plans

The Company participates in a qualified, noncontributory defined benefit pension plan sponsored by American International Group, Inc., the Company's ultimate parent. The Company has no legal obligation for benefits under this plan. American General Finance Management Corporation allocates amounts to the Company based on salary ratios. The Company's share of net expense of the qualified plan was \$95,077 for 2008 and \$97,926 for 2007.

#### E. Postemployment Benefit and Compensation Absences

The Company does not sponsor postemployment benefit and compensation absences plans.

#### F. Impact of Medicare Modernization Act of Postretirement Benefits.

The Company does not sponsor postretirement benefits.

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**NOTES TO FINANCIAL STATEMENTS**


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**13. CAPITAL AND SURPLUS, DIVIDEND RESTRICTIONS AND QUASI REORGANIZATIONS**

- A. The Company has 2,000,000 shares of authorized Capital Stock, 1,000,000 shares issued and outstanding at December 31, 2008 and 2007.
- B. The Company has no preferred stock outstanding.
- C. The maximum amount of dividends that can be paid by Indiana domiciled property & casualty insurance companies without the prior approval of the Indiana Insurance Commissioner in a 12-month period, measured retrospectively from the date of payment, is the greater of: (a) ten percent (10%) of surplus as regards policyholders as of December 31, 2008; or (b) the net income of such insurer as of December 31, 2008. Surplus as regards policyholders at December 31, 2008 was \$314,080,362.
- The maximum dividend payout which may be made without approval in 2008 is \$31,408,036. Dividends are paid as determined by the Board of Directors and are non-cumulative.
- D. The Company paid an ordinary dividend on August 14, 2008 of \$46,000,000 and paid an extraordinary dividend on December 29, 2008 of \$150,000,000. No dividends were paid in 2007.
- E. Within the limitations of C. above, there are no restrictions placed on the portion of Company surplus as regards policyholders that may be paid as ordinary dividends to stockholders.
- F. There were no restrictions placed on the Company's surplus, including for whom the surplus is being held.
- G. There were no advances to surplus not repaid.
- H. There is no Company stock held for special purposes.
- I. The Company holds no special surplus funds.
- J. The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses was \$(434,642) at December 31, 2008 and \$2,789,547 at December 31, 2007.
- K. There are no surplus debentures or similar obligations outstanding as of December 31, 2008.
- L. There have not been any quasi-reorganizations that occurred during the two most recent years for which financial statements are presented.
- M. There have not been any quasi-reorganizations that occurred in the prior ten years.

**14. CONTINGENCIES****A. Contingent Commitments**

At December 31, 2008, the Company had committed to provide additional capital contributions to the following SCA entities, joint ventures, partnerships, or limited liability companies:

<u>Description</u>	<u>Amount</u>
Crossroad Cornerstone XV, LP	\$ 1,641,877
Clarity Partners, LP	<u>127,938</u>
	<u>\$ 1,769,815</u>

These commitments are not considered to be material in relation to the financial position of the Company.

**B. Assessments**

The Company had not received notification of any insurance company insolvencies through December 31, 2008 that are expected to result in a material guaranty fund assessment against the Company at some future date.

**C. Gain Contingencies**

There are no material gain contingencies at December 31, 2008.

**D. Claims related extra contractual obligation and bad faith losses stemming from lawsuits.**

There were no claims related extra contractual obligation losses and bad faith losses stemming from lawsuits as of December 31, 2008.

**E. All Other Contingencies**

The Company is party to various lawsuits and proceedings arising in the ordinary course of business. Some of these proceedings are pending in jurisdictions that permit damage awards disproportionate to the actual economic damages alleged to have been incurred. Based upon information presently available, the Company believes that the total amounts that will ultimately be paid, if any, arising from these lawsuits and proceedings will not have a material adverse effect on the Company's results of operations and financial position. However, the continued occurrences of large damage awards in general in the United States, including, in some jurisdictions, large punitive damage awards that bear little or no relation to actual economic damages incurred by plaintiffs, create the potential for an unpredictable result in any given proceeding.

**15. LEASES**

The Company does not have any material lease obligations at this time.

**16. INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK**

The Company has no financial instruments with material off-balance sheet risk and no material exposure to financial instruments having concentrations of credit risk at December 31, 2008.

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**NOTES TO FINANCIAL STATEMENTS**


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**17. SALE, TRANSFER AND SERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENTS OF LIABILITIES****A. Transfers of Receivables Reported as Sales**

The Company does not have any transfers of receivables reported as sales.

**B. Transfer and Servicing of Financial Assets**

During 2008, the Company's asset management policy regarding securities lending was revised and securities are no longer available for loan to unaffiliated entities. There were no securities on loan at any time during 2008.

The Company does not have any servicing assets nonadmitted or servicing liabilities recognized and amortized into income over the period of the estimated servicing loss at December 31, 2008 or for the year then ended.

**C. Wash Sales**

The Company did not have any wash sales for the year ended December 31, 2008.

**18. GAIN OR LOSS FROM UNINSURED PLANS AND THE UNINSURED PORTION OF PARTIALLY INSURED PLANS**

The Company was not a party to uninsured or partially insured plans for the years ended December 31, 2008 or 2007.

**19. DIRECT PREMIUM WRITTEN/PRODUCED BY MANAGING GENERAL AGENTS/THIRD PARTY ADMINISTRATORS**

The Company had no direct premiums written through managing general agents or third party administrators for the years ended December 31, 2008 or 2007.

**20. OTHER ITEMS****A. Extraordinary Items**

The Company reported no extraordinary items for the years ending December 31, 2008 or 2007.

**B. Troubled Debt Restructuring: Debtors**

The Company had no troubled debt restructurings that occurred during the years ending December 31, 2008 or 2007.

**C. Other Disclosures**

Assets in the amount of \$7,737,349 and \$7,729,861 at December 31, 2008 and 2007, respectively, were on deposit with government authorities or trustees as required by law.

**D. Uncollectible Premiums Receivable**

The Company had admitted assets of \$7,069,022 at December 31, 2008 and \$4,501,149 at December 31, 2007 for premiums due from policyholders (or agents). The Company routinely assesses the collectibility of these receivables. Based upon Company experience, the potential for any loss is not believed material to the Company's financial condition.

**E. Business Interruption Insurance Recoveries**

The Company had no business interruption insurance recoveries for the years ended December 31, 2008 or 2007.

**F. State Transferable Tax Credits**

The Company had no state transferable tax credits for the year ended December 31, 2008.

**G. Hybrid Securities**

The following is a listing of hybrid securities held by the Company:

Cusip	Issuer Name	Description	Book Adjusted Carrying Value
19075Q201	COBANK ACB PFDA	Capital/Security Trust Preferred	4,828,100
<b>TOTAL</b>			<b>4,828,100</b>

Due to the nature of hybrid securities, most trade like fixed-income instruments and are typically priced with a value of 100.00. Due to the manner in which the Company's investment accounting system expresses the par value of preferred stocks, the values reflected in Columns 6 and 9 of Schedule D-Part 2-Section 1 are displayed with a par value basis of 25.00.

The Company assigned publicly traded hybrid securities a market indicator of "U" and privately traded hybrid securities a market indicator of "V". Only those publicly traded securities which are denoted on Bloomberg with an exchange of NYSE, NASDAQ or AMEX were assigned a market indicator of "L".

In accordance with the short-term solution adopted by the NAIC in 2006, all hybrid securities are reported on Schedule D-Part 2-Section 1 except for those hybrids classified as bonds by the SVO. All such bond hybrid securities are reported on Schedule D-Part 1. The hybrid securities identified by the Company and listed above are inclusive of securities reported on both Schedule D-Part 1 and Schedule D-Part 2-Section 1.

**H. Subprime Mortgage Related Risk Exposure**

The Company has no direct or indirect subprime mortgage related exposure through investments.

The Company has no underwriting exposure to subprime mortgage risk through Mortgage Guaranty or Financial Guaranty insurance coverage.

**I. The Company has no Federal Home Loan Bank agreements at December 31, 2008 or 2007.**

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**NOTES TO FINANCIAL STATEMENTS**


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## 21. EVENTS SUBSEQUENT

On January 8, 2009, an extraordinary dividend of \$75,000,000 was paid to American General Finance Corporation.

## 22. REINSURANCE

## A. Unsecured Reinsurance Recoverables

The Company has no unsecured aggregate recoverable for losses paid or unpaid, including IBNR, loss adjustment expenses or unearned premium with any individual reinsurer, authorized or unauthorized that exceeds 3% of the Company's policyholder surplus.

## B. Reinsurance Recoverables in Dispute

The Company has no material reinsurance recoverables in dispute.

## C. Reinsurance Assumed and Ceded

The Company has the following assumed and ceded unearned premiums:

	Assumed Reinsurance		Ceded Reinsurance		Net	
	(1) Premium Reserve	(2) Commission Equity	(3) Premium Reserve	(4) Commission Equity	(5) Premium Reserve	(6) Commission Equity
a. Affiliates	0	0	2	1	(2)	(1)
b. All Other	12,156	831	0	0	12,156	831
c. TOTAL	12,156	831	2	1	12,154	830
d. Direct Unearned Premium Reserve:			43,457			

\* Table Data rounded to 000's

## D. Uncollectible Reinsurance

The Company has no uncollectible reinsurance as of December 31, 2008.

## E. Commutation of Ceded Reinsurance

The Company did not commute any reinsurance agreements in the years ending December 31, 2008 or 2007.

## F. Retroactive Reinsurance

The Company has no retroactive reinsurance as of December 31, 2008.

## G. Reinsurance Accounted for as a Deposit

The Company did not have any reinsurance agreements accounted for as deposits.

## 23. RETROSPECTIVELY RATED CONTRACTS &amp; CONTRACTS SUBJECT TO REDETERMINATION

The Company has no retrospectively rated contracts subject to redetermination.

## 24. CHANGES IN INCURRED LOSSES AND LOSS ADJUSTMENT EXPENSES

The estimated cost of losses and loss adjustment expenses attributable to insured events of prior years has decreased by \$6,027,373 during 2008, as shown in the chart below. This decrease is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased as additional information becomes known regarding individual claims. The Company has no retrospectively rated policies.

<u>Lines of Business</u>	<u>2008 Calendar Year Losses &amp; LAE Incurred</u>			<u>2008 Loss Year</u>	
	<u>Losses Incurred</u>	<u>LAE Incurred</u>	<u>Totals</u>	<u>Losses and LAE Incurred</u>	<u>Shortage (Redundancy)</u>
Fire	7,755	1,373	9,128	11,848	(2,720)
Inland Marine	115	(8)	107	139	(32)
Credit Accident & Health	(2)	-	(2)	(2)	1
Other Liability-Occurrence	(231)	2,093	1,862	2,416	(555)
Auto Physical Damage	4,285	309	4,594	5,963	(1,369)
Surety	(0)	(0)	(0)	(0)	0
Reinsurance - Non	195	(104)	90	117	(27)
Proportional Assumed Liabilities					
Involuntary Unemployment	4,170	277	4,447	5,772	(1,325)
Totals	16,286	3,940	20,226	26,253	(6,027)

\* Table Data rounded to 000's

## 25. INTERCOMPANY POOLING ARRANGEMENTS

The Company does not participate in a pooling arrangement covering substantially all direct and assumed business.

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**NOTES TO FINANCIAL STATEMENTS**


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## 26. STRUCTURED SETTLEMENTS

The Company has no structured settlements.

## 27. HEALTH CARE RECEIVABLES

The Company had no health care receivables at December 31, 2008 or 2007.

## 28. PARTICIPATING POLICIES

The Company did not have any participating business for the year ended December 31, 2008.

## 29. PREMIUM DEFICIENCY RESERVES

The Company did not have any premium deficiency reserves at December 31, 2008 or 2007. The Company considers anticipated investment income when determining the need for any premium deficiency reserves.

## 30. HIGH DEDUCTIBLES

The Company has no high deductibles on paid or unpaid claims as of December 31, 2008 or 2007.

## 31. DISCOUNTING OF LIABILITIES FOR UNPAID LOSSES OR UNPAID LOSS ADJUSTMENT EXPENSES

The Company does not discount liabilities for unpaid losses or unpaid loss adjustment expenses.

## 32. ASBESTOS/ENVIRONMENTAL RESERVES

The Company has exposure to asbestos and environmental claims. The Company's exposure relates to general liability business reported claims and holds additional reserves for unreported claims.

The Company's asbestos related losses for each of the five most recent years were as follows:

Direct Basis:	2004	2005	2006	2007	2008
Beginning reserves:	10,979,542	12,340,064	7,789,047	8,815,059	10,339,012
Incurring losses and LAE:	1,646,037	(2,647,225)	1,146,524	2,014,014	357,715
Calendar year payments:	285,514	1,903,793	120,512	490,061	363,004
Ending reserves:	12,340,064	7,789,047	8,815,059	10,339,012	10,333,723

Assumed Reinsurance Basis:	2004	2005	2006	2007	2008
Beginning reserves:	1,474,378	1,030,753	1,079,216	2,013,301	5,412,888
Incurring losses and LAE:	(270,155)	48,051	983,588	3,407,967	64,217
Calendar year payments:	173,469	(411)	49,504	8,380	11,963
Ending reserves:	1,030,753	1,079,216	2,013,301	5,412,888	5,465,142

Net of Ceded Reinsurance Basis:	2004	2005	2006	2007	2008
Beginning reserves:	7,516,154	9,794,599	6,632,331	7,043,836	8,082,376
Incurring losses and LAE:	2,776,827	(1,258,887)	581,520	1,536,981	77,508
Calendar year payments:	498,383	1,903,381	170,015	498,441	263,131
Ending reserves:	9,794,599	6,632,331	7,043,836	8,082,376	7,896,753

The Company holds IBNR reserves, which are included above. It held such reserves in the amount of \$4,336,162 on a direct basis, \$1,121,110 on an assumed reinsurance basis, and \$3,249,232 on a net basis at December 31, 2008 for asbestos related losses. The Company held the following reserves for future allocated loss adjustment expenses: \$2,753,708 on a direct basis, \$334,183 on an assumed reinsurance basis, and \$2,045,820 on a net basis at December 31, 2008.

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**NOTES TO FINANCIAL STATEMENTS**


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The Company's environmental related losses for each of the five most recent years were as follows:

Direct Basis:	2004	2005	2006	2007	2008
Beginning reserves:	16,677,779	16,095,583	20,979,437	18,612,366	19,297,081
Incurring losses and LAE:	149,967	5,744,532	(1,855,925)	1,158,110	233,722
Calendar year payments:	732,163	860,678	511,147	473,396	198,326
Ending reserves:	16,095,583	20,979,437	18,612,366	19,297,081	19,332,477

Assumed Reinsurance Basis:	2004	2005	2006	2007	2008
Beginning reserves:	1,572,798	1,053,608	1,906,888	3,470,611	4,377,611
Incurring losses and LAE:	(519,190)	854,483	1,563,723	937,456	18,600
Calendar year payments:	0	1,204	0	30,456	13,694
Ending reserves:	1,053,608	1,906,888	3,470,611	4,377,611	4,382,516

Net of Ceded Reinsurance Basis:	2004	2005	2006	2007	2008
Beginning reserves:	7,093,489	7,439,059	8,222,541	8,132,901	8,890,616
Incurring losses and LAE:	1,077,732	1,645,364	421,507	1,252,324	260,677
Calendar year payments:	732,163	861,882	511,147	494,608	220,177
Ending reserves:	7,439,059	8,222,541	8,132,901	8,890,616	8,931,117

The Company holds IBNR reserves, which are included above. It held such reserves in the amount of \$12,511,889 on a direct basis, \$3,198,956 on an assumed reinsurance basis, and \$6,278,336 on a net basis at December 31, 2008 for environmental related losses. The Company held the following reserves for future allocated loss adjustment expenses: \$1,604,460 on a direct basis, \$194,713 on an assumed reinsurance basis, and \$273,406 on a net basis at December 31, 2008.

### 33. SUBSCRIBER SAVINGS ACCOUNTS

The Company does not have subscriber savings accounts.

### 34. MULTIPLE PERIL CROP INSURANCE

The Company does not write multiple peril crop insurance.

**GENERAL INTERROGATORIES**

**PART 1 - COMMON INTERROGATORIES  
GENERAL**

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? ..... Yes [ X ] No [ ]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? ..... Yes [ X ] No [ ] N/A [ ]
- 1.3 State Regulating? ..... Indiana
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? ..... Yes [ ] No [ X ]
- 2.2 If yes, date of change: .....
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. .... 12/31/2006
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. .... 12/31/2006
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). .... 06/16/2008
- 3.4 By what department or departments?  
Indiana
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? ..... Yes [ ] No [ ] N/A [ X ]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? ..... Yes [ ] No [ ] N/A [ X ]
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity), receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:  
4.11 sales of new business? ..... Yes [ ] No [ X ]  
4.12 renewals? ..... Yes [ ] No [ X ]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:  
4.21 sales of new business? ..... Yes [ X ] No [ ]  
4.22 renewals? ..... Yes [ ] No [ X ]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? ..... Yes [ ] No [ X ]
- 5.2 If yes, provide name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? ..... Yes [ ] No [ X ]
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? ..... Yes [ X ] No [ ]
- 7.2 If yes,  
7.21 State the percentage of foreign control; ..... 10.1 %  
7.22 State the nationality(s) of the foreign person(s) or entity(s) or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact; and identify the type of entity(s) (e.g., individual, corporation or government, manager or attorney in fact).

1 Nationality	2 Type of Entity
7.1 According to a Schedule 13D filed December 15, 2008 by each of Universal Foundation, Inc., a Panamanian corporation; Starr International Company, Inc., a Panamanian corporation; C.V. Starr & Co., Inc. Trust, a New York trust; Maurice R. and Corinne P. Greenberg Joint Tenancy Company, LLC, a Florida limited liability company; The Maurice R. and Corinne P. Greenberg Family Foundation, Inc., a New York not for profit corporation; Mr. Maurice R. Greenberg, a United States citizen; Mr. Edward E. Matthews, a United States citizen; and C.V. Starr & Co., Inc., a Delaware corporation (the "Reporting Persons"), the Reporting Persons may be deemed beneficially to own in the aggregate 271,089,903 shares of common stock of AIG, representing approximately 10.08% of AIG's outstanding shares of common stock (based on the 2,689,938,313 outstanding shares of common stock reported by AIG as of October 31, 2008).	
7.2 Please see response to 7.1.	

ANNUAL STATEMENT FOR THE YEAR 2008 OF THE Yosemite Insurance Company

**GENERAL INTERROGATORIES**

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? ..... Yes [ ] No [ X ]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? ..... Yes [ X ] No [ ]
- 8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC
Advantage Capital Corp.	Atlanta, Georgia					YES
AIG Capital Partners Inc.	New York, New York					YES
AIG Equity Sales Corp.	New York, New York					YES
AIG Federal Savings Bank	Wilmington, Delaware			YES		
AIG Financial Advisors, Inc.	Phoenix, Arizona					YES
AIG Financial Securities Corp.	Westport, Connecticut					YES
AIG Global Investment Corp.	New York, New York					YES
AIG Retirement Advisors Inc.	Houston, Texas					YES
AIG SunAmerica Assets Management Corp.	New York, New York					YES
AIG SunAmerica Capital Services, Inc.	Jersey City, New Jersey					YES
AIG SunAmerica Life Assurance Company	Los Angeles, California					YES
AIG Trading Management Company Inc.	Wilton, Connecticut					YES
American General Distributors, Inc.	Houston, Texas					YES
American General Equity Services Corp.	Houston, Texas					YES
American General Financial Advisors, Inc.	Sacramento, California					YES
American General Securities Inc.	Houston, Texas					YES
Brazos Capital Management L.P.	Dallas, Texas					YES
FSC Securities Corp.	Atlanta, Georgia					YES
Royal Alliance Associates, Inc.	New York, New York					YES
The Variable Annuity Life Insurance Company	Houston, Texas					YES

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
PriceWaterhouseCoopers LLP  
300 North Meridian Street, Suite 1700  
Indianapolis, IN 46204
10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?  
Peter G. Wick, FCAS, MAAA  
Principal and Consulting Actuary  
Milliman Inc.  
15800 Bluemound Road Suite 400  
Brookfield, WI 53005-6069
- 11.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? ..... Yes [ ] No [ X ]
- 11.11 Name of real estate holding company .....
- 11.12 Number of parcels involved .....
- 11.13 Total book/adjusted carrying value ..... \$ .....
- 11.2 If, yes provide explanation:  
.....
- 12. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:**
- 12.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?  
N/A
- 12.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? ..... Yes [ ] No [ X ]
- 12.3 Have there been any changes made to any of the trust indentures during the year? ..... Yes [ ] No [ X ]
- 12.4 If answer to (12.3) is yes, has the domiciliary or entry state approved the changes? ..... Yes [ ] No [ ] N/A [ X ]
- 13.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? ..... Yes [ X ] No [ ]
- (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- (c) Compliance with applicable governmental laws, rules and regulations;
- (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- (e) Accountability for adherence to the code.
- 13.11 If the response to 13.1 is No, please explain:  
.....
- 13.2 Has the code of ethics for senior managers been amended? ..... Yes [ X ] No [ ]
- 13.21 If the response to 13.2 is Yes, provide information related to amendment(s).  
The code of ethics has been expanded to include new sections on: Global diversity and opportunity-inclusive, diverse workforce which fosters innovation and enhances our position as a global leader, Supplier diversity-AIG seeks supplier partnerships with diverse businesses, Employee privacy-AIG respects the personal information and property of employees, Fair dealing-AIG seeks competitive advantages only through legal and ethical practices.
- 13.3 Have any provisions of the code of ethics been waived for any of the specified officers? ..... Yes [ ] No [ X ]
- 13.31 If the response to 13.3 is Yes, provide the nature of any waiver(s).  
.....

**BOARD OF DIRECTORS**

14. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof? ..... Yes [ X ] No [ ]
15. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof? ..... Yes [ X ] No [ ]
16. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict with the official duties of such person? ..... Yes [ X ] No [ ]

ANNUAL STATEMENT FOR THE YEAR 2008 OF THE Yosemite Insurance Company  
**GENERAL INTERROGATORIES**

**FINANCIAL**

17. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? ..... Yes [ ] No [ X ]
- 18.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 18.11 To directors or other officers.....\$ .....
- 18.12 To stockholders not officers.....\$ .....
- 18.13 Trustees, supreme or grand (Fraternal Only).....\$ .....
- 18.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 18.21 To directors or other officers.....\$ .....
- 18.22 To stockholders not officers.....\$ .....
- 18.23 Trustees, supreme or grand (Fraternal Only).....\$ .....
- 19.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? ..... Yes [ ] No [ X ]
- 19.2 If yes, state the amount thereof at December 31 of the current year:
- 19.21 Rented from others.....\$ .....
- 19.22 Borrowed from others.....\$ .....
- 19.23 Leased from others.....\$ .....
- 19.24 Other.....\$ .....
- 20.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? ..... Yes [ ] No [ X ]
- 20.2 If answer is yes,
- 20.21 Amount paid as losses or risk adjustment \$ .....
- 20.22 Amount paid as expenses.....\$ .....
- 20.23 Other amounts paid.....\$ .....
- 21.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? ..... Yes [ ] No [ X ]
- 21.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:.....\$ .....

**INVESTMENT**

- 22.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 22.3)..... Yes [ X ] No [ ]
- 22.2 If no, give full and complete information relating thereto:
- 22.3 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 16 where this information is also provided)  
 N/A
- 22.4 Does the Company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? ..... Yes [ ] No [ ]
- 22.5 If answer to 22.4 is YES, report amount of collateral.....\$ .....
- 22.6 If answer to 22.4 is NO, report amount of collateral.....\$ .....
- 23.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 19.1 and 22.3). ..... Yes [ X ] No [ ]
- 23.2 If yes, state the amount thereof at December 31 of the current year:
- 23.21 Subject to repurchase agreements.....\$ .....
- 23.22 Subject to reverse repurchase agreements.....\$ .....
- 23.23 Subject to dollar repurchase agreements.....\$ .....
- 23.24 Subject to reverse dollar repurchase agreements.....\$ .....
- 23.25 Pledged as collateral.....\$ .....
- 23.26 Placed under option agreements.....\$ .....
- 23.27 Letter stock or other securities restricted as to sale.....\$ .....
- 23.28 On deposit with state or other regulatory body.....\$ .....7,737,349
- 23.29 Other.....\$ .....

23.3 For category (23.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount
.....	.....	.....
.....	.....	.....
.....	.....	.....

- 24.1 Does the reporting entity have any hedging transactions reported on Schedule DB? ..... Yes [ ] No [ X ]
- 24.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? ..... Yes [ ] No [ ] N/A [ X ]  
 If no, attach a description with this statement.
- 25.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? ..... Yes [ ] No [ X ]
- 25.2 If yes, state the amount thereof at December 31 of the current year.....\$ .....

ANNUAL STATEMENT FOR THE YEAR 2008 OF THE Yosemite Insurance Company

**GENERAL INTERROGATORIES**

26. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 3, III Conducting Examinations, G - Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [ X ] No [ ]

26.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian's Address
State Street Bank & Trust Company .....	801 Pennsylvania, Kansas City, MO 64105 .....

26.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
.....	.....	.....

26.03 Have there been any changes, including name changes, in the custodian(s) identified in 26.01 during the current year? Yes [ ] No [ X ]

26.04 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
.....	.....	.....	.....

26.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of brokers/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address
105926 .....	AIG Global Investment Corporation .....	70 Pine Street, New York, NY 10270 .....

27.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5(b)(1)])? Yes [ ] No [ X ]

27.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
.....	.....	.....
27.2999 - Total		

27.3 For each mutual fund listed in the table above, complete the following schedule:

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
.....	.....	.....	.....

**GENERAL INTERROGATORIES**

28. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
28.1 Bonds .....	338,022,557	333,639,582	(4,382,975)
28.2 Preferred stocks .....	4,828,100	4,828,100	
28.3 Totals	342,850,657	338,467,682	(4,382,975)

28.4 Describe the sources or methods utilized in determining the fair values:

Fair values of publicly traded securities are predominantly based on prices provided by commercial pricing services e.g. Lehman/Barclays, IDC or Bloomberg. In some cases, broker quotes may be used, and for a small number of securities where no third party price is available, an internal valuation methodology and/or 'fair value recommendation' reviewed with AIG's Pricing Committee may be used. Private placement securities are valued according to an internal matrix of spreads, or by broker quote, or by using an adjustment to matrix-based spreads where management believes this provides a more accurate representation of fair value.

29.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? ..... Yes [ ] No [ X ]

29.2 If no, list exceptions:  
One security was not filed with SVO because the book value was deemed immaterial.

**OTHER**

30.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? .....\$ .....48,101

30.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
Independent Statistical Services, Inc. ....	21,540
Consumer Credit Insurance Association .....	16,000

31.1 Amount of payments for legal expenses, if any? .....\$ .....537,491

31.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
Clausen Miller P.C. ....	250,960
Woolfs & Peer, A Professional Corporation .....	135,340

32.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? .....\$ .....

32.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
.....	
.....	
.....	

**GENERAL INTERROGATORIES**

**PART 2 - PROPERTY AND CASUALTY INTERROGATORIES**

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? ..... Yes [ ] No [ X ]

1.2 If yes, indicate premium earned on U. S. business only ..... \$ \_\_\_\_\_

1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? ..... \$ \_\_\_\_\_  
 1.31 Reason for excluding  
 .....

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. .... \$ \_\_\_\_\_

1.5 Indicate total incurred claims on all Medicare Supplement Insurance. .... \$ \_\_\_\_\_

1.6 Individual policies:

Most current three years:

1.61 Total premium earned ..... \$ \_\_\_\_\_

1.62 Total incurred claims ..... \$ \_\_\_\_\_

1.63 Number of covered lives .....

All years prior to most current three years

1.64 Total premium earned ..... \$ \_\_\_\_\_

1.65 Total incurred claims ..... \$ \_\_\_\_\_

1.66 Number of covered lives .....

1.7 Group policies:

Most current three years:

1.71 Total premium earned ..... \$ \_\_\_\_\_

1.72 Total incurred claims ..... \$ \_\_\_\_\_

1.73 Number of covered lives .....

All years prior to most current three years

1.74 Total premium earned ..... \$ \_\_\_\_\_

1.75 Total incurred claims ..... \$ \_\_\_\_\_

1.76 Number of covered lives .....

2. Health Test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator .....	.61,015,042	.56,922,674
2.2 Premium Denominator .....	0.000	0.000
2.3 Premium Ratio (2.1/2.2) .....		
2.4 Reserve Numerator .....		
2.5 Reserve Denominator .....	87,921,793	86,487,294
2.6 Reserve Ratio (2.4/2.5) .....	0.000	0.000

3.1 Does the reporting entity issue both participating and non-participating policies? ..... Yes [ ] No [ X ]

3.2 If yes, state the amount of calendar year net premiums written on:

3.21 Participating policies ..... \$ \_\_\_\_\_

3.22 Non-participating policies ..... \$ \_\_\_\_\_

4. For mutual reporting Entities and Reciprocal Exchanges Only:

4.1 Does the reporting entity issue assessable policies? ..... Yes [ ] No [ X ]

4.2 Does the reporting entity issue non-assessable policies? ..... Yes [ ] No [ X ]

4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders? ..... %

4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums. .... \$ \_\_\_\_\_

5. For Reciprocal Exchanges Only:

5.1 Does the Exchange appoint local agents? ..... Yes [ ] No [ X ]

5.2 If yes, is the commission paid:

5.21 Out of attorney's-in-fact compensation..... Yes [ ] No [ ] N/A [ X ]

5.22 As a direct expense of the exchange..... Yes [ ] No [ ] N/A [ X ]

5.3 What expenses of the Exchange are not paid out of the compensation of the Attorney-in-fact?  
 .....

5.4 Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred? ..... Yes [ ] No [ X ]

5.5 If yes, give full information  
 .....

# GENERAL INTERROGATORIES

## PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

- 6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss?  
N/A
- 6.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process.  
The Company has contracted with an outside consultant to provide catastrophe modeling services for hurricane and earthquake exposures. The geographical areas with the most exposure are California, Tennessee, Pennsylvania and West Virginia for earthquakes; North Carolina, Florida, South Carolina and Georgia for hurricanes.
- 6.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?  
None. The Company performs an analysis of expected losses upon the occurrence of any significant loss event and reserves accordingly.
- 6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? Yes [ ] No [ X ]
- 6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to unreinsured catastrophic loss.  
The Company has surplus in excess of sixty times the Company's one hundred year probable maximum loss.
- 7.1 Has this reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss ratio cap, an aggregate limit or any similar provisions)? Yes [ ] No [ X ]
- 7.2 If yes, indicate the number of reinsurance contracts containing such provisions:
- 7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)? Yes [ ] No [ X ]
- 8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured? Yes [ ] No [ X ]
- 8.2 If yes, give full information
- 9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:  
(a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;  
(b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;  
(c) Aggregate stop loss reinsurance coverage;  
(d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;  
(e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or  
(f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity. Yes [ ] No [ X ]
- 9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:  
(a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or  
(b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract. Yes [ ] No [ X ]
- 9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:  
(a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;  
(b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and  
(c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.
- 9.4 Except for transactions meeting the requirements of paragraph 31 of SSAP No. 62, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:  
(a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or  
(b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP? Yes [ ] No [ X ]
- 9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.
- 9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:  
(a) The entity does not utilize reinsurance; or Yes [ ] No [ X ]  
(b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or Yes [ ] No [ X ]  
(c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement. Yes [ ] No [ X ]
10. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done? Yes [ X ] No [ ] N/A [ ]

**GENERAL INTERROGATORIES**

**PART 2 - PROPERTY AND CASUALTY INTERROGATORIES**

- 11.1 Has the reporting entity guaranteed policies issued by any other entity and now in force? ..... Yes [ ] No [ X ]
- 11.2 If yes, give full information  
.....
- 12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 13.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:
- 12.11 Unpaid losses .....\$ .....
- 12.12 Unpaid underwriting expenses (including loss adjustment expenses) .....\$ .....
- 12.2 Of the amount on Line 13.3, Page 2, state the amount which is secured by letters of credit, collateral, and other funds .....\$ .....
- 12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? ..... Yes [ ] No [ ] N/A [ X ]
- 12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
- 12.41 From ..... %
- 12.42 To ..... %
- 12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under deductible features of commercial policies? ..... Yes [ ] No [ X ]
- 12.6 If yes, state the amount thereof at December 31 of the current year:
- 12.61 Letters of credit .....\$ .....
- 12.62 Collateral and other funds .....\$ .....
- 13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): .....\$ 660,000
- 13.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? ..... Yes [ ] No [ X ]
- 13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount .....3
- 14.1 Is the company a cedant in a multiple cedant reinsurance contract? ..... Yes [ ] No [ X ]
- 14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:  
.....
- 14.3 If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts? ..... Yes [ ] No [ ]
- 14.4 If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements? ..... Yes [ ] No [ ]
- 14.5 If the answer to 14.4 is no, please explain:  
.....
- 15.1 Has the reporting entity guaranteed any financed premium accounts? ..... Yes [ ] No [ X ]
- 15.2 If yes, give full information  
.....
- 16.1 Does the reporting entity write any warranty business? ..... Yes [ ] No [ X ]  
If yes, disclose the following information for each of the following types of warranty coverage:

	1 Direct Losses Incurred	2 Direct Losses Unpaid	3 Direct Written Premium	4 Direct Premium Unearned	5 Direct Premium Earned
16.11 Home .....					
16.12 Products .....					
16.13 Automobile .....					
16.14 Other* .....					

\* Disclose type of coverage:  
.....

## GENERAL INTERROGATORIES

### PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

17.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F - Part 3 that it excludes from Schedule F - Part 5? ..... Yes [ ] No [ X ]

Incurred but not reported losses on contracts in force prior to July 1, 1984, and not subsequently renewed are exempt from inclusion in Schedule F - Part 5. Provide the following information for this exemption:

17.11 Gross amount of unauthorized reinsurance in Schedule F - Part 3 excluded from Schedule F - Part 5 .....	\$ .....
17.12 Unfunded portion of Interrogatory 17.11 .....	\$ .....
17.13 Paid losses and loss adjustment expenses portion of Interrogatory 17.11 .....	\$ .....
17.14 Case reserves portion of Interrogatory 17.11 .....	\$ .....
17.15 Incurred but not reported portion of Interrogatory 17.11 .....	\$ .....
17.16 Unearned premium portion of Interrogatory 17.11 .....	\$ .....
17.17 Contingent commission portion of Interrogatory 17.11 .....	\$ .....

Provide the following information for all other amounts included in Schedule F - Part 3 and excluded from Schedule F - Part 5, not included above.

17.18 Gross amount of unauthorized reinsurance in Schedule F - Part 3 excluded from Schedule F - Part 5 .....	\$ .....
17.19 Unfunded portion of Interrogatory 17.18 .....	\$ .....
17.20 Paid losses and loss adjustment expenses portion of Interrogatory 17.18 .....	\$ .....
17.21 Case reserves portion of Interrogatory 17.18 .....	\$ .....
17.22 Incurred but not reported portion of Interrogatory 17.18 .....	\$ .....
17.23 Unearned premium portion of Interrogatory 17.18 .....	\$ .....
17.24 Contingent commission portion of Interrogatory 17.18 .....	\$ .....

ANNUAL STATEMENT FOR THE YEAR 2008 OF THE Yosemite Insurance Company

**FIVE-YEAR HISTORICAL DATA**

Show amounts in whole dollars only, no cents; show percentages to one decimal place, i.e. 17.6.

	1 2008	2 2007	3 2006	4 2005	5 2004
<b>Gross Premiums Written (Page 8, Part 1B Cols. 1, 2 &amp; 3)</b>					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)					
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	45,410,028	41,873,670	35,833,100	34,666,897	37,860,351
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	15,390,353	16,736,710	16,650,294	15,487,979	16,366,966
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
6. Total (Line 35)	60,800,381	58,610,380	52,483,394	50,154,876	54,227,317
<b>Net Premiums Written (Page 8, Part 1B, Col. 6)</b>					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)					
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	45,410,028	41,873,670	35,833,100	34,666,897	37,860,350
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	15,391,933	16,759,450	16,729,590	15,183,961	15,851,818
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
12. Total (Line 35)	60,801,961	58,633,120	52,562,690	49,850,858	53,712,168
<b>Statement of Income (Page 4)</b>					
13. Net underwriting gain (loss) (Line 8)	28,973,394	28,513,436	26,131,721	23,928,247	24,806,021
14. Net investment gain or (loss) (Line 11)	27,000,464	23,991,961	22,277,962	20,105,920	17,768,975
15. Total other income (Line 15)	186,620	199,328	827,496	1,922,191	
16. Dividends to policyholders (Line 17)					
17. Federal and foreign income taxes incurred (Line 19)	11,620,703	11,638,446	11,584,470	10,052,094	9,336,747
18. Net income (Line 20)	44,539,775	41,066,279	37,652,709	35,904,264	33,238,249
<b>Balance Sheet Lines (Pages 2 and 3)</b>					
19. Total admitted assets excluding protected cell business (Page 2, Line 24, Col. 3)	411,562,157	558,607,533	514,049,658	477,740,245	445,313,477
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 13.1)	7,069,022	4,501,149	5,632,488	4,499,061	3,741,171
20.2 Deferred and not yet due (Line 13.2)					
20.3 Accrued retrospective premiums (Line 13.3)					
21. Total liabilities excluding protected cell business (Page 3, Line 24)	97,481,795	93,313,891	90,983,382	92,815,616	96,528,016
22. Losses (Page 3, Line 1)	27,683,937	26,294,333	25,163,910	24,968,293	25,407,422
23. Loss adjustment expenses (Page 3, Line 3)	4,620,635	4,363,949	4,355,560	5,571,530	5,319,102
24. Unearned premiums (Page 3, Line 9)	55,610,264	55,823,345	54,112,899	55,570,701	61,636,829
25. Capital paid up (Page 3, Lines 28 & 29)	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
26. Surplus as regards policyholders (Page 3, Line 35)	314,080,362	465,293,642	423,066,276	384,924,629	348,785,461
<b>Cash Flow (Page 5)</b>					
27. Net cash from operations (Line 11)	44,558,412	45,035,986	36,026,387	28,605,099	33,012,069
<b>Risk-Based Capital Analysis</b>					
28. Total adjusted capital	314,080,362	465,293,642	423,066,276	384,924,629	348,785,461
29. Authorized control level risk-based capital	7,799,068	7,773,179	7,423,046	7,900,780	8,268,191
<b>Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3) (Line divided by Page 2, Line 10, Col. 3) x100.0</b>					
30. Bonds (Line 1)	59.0	87.7	85.8	86.1	84.1
31. Stocks (Lines 2.1 & 2.2)	14.3	10.6	12.3	12.6	13.2
32. Mortgage loans on real estate (Lines 3.1 and 3.2)					
33. Real estate (Lines 4.1, 4.2 & 4.3)					
34. Cash, cash equivalents and short-term investments (Line 5)	25.7	1.1	1.2	0.5	1.7
35. Contract loans (Line 6)					
36. Other invested assets (Line 7)	1.0	0.6	0.7	0.8	1.0
37. Receivables for securities (Line 8)	0.0	0.0	0.0	0.0	0.0
38. Aggregate write-ins for invested assets (Line 9)					
39. Cash, cash equivalents and invested assets (Line 10)	100.0	100.0	100.0	100.0	100.0
<b>Investments in parent, subsidiaries and affiliates</b>					
40. Affiliated bonds (Schedule D, Summary, Line 25, Col. 1)					
41. Affiliated preferred stocks (Schedule D, Summary, Line 39, Col. 1)					
42. Affiliated common stocks (Schedule D, Summary, Line 53, Col. 1)	51,733,905	52,269,998	49,464,392	48,799,716	46,901,226
43. Affiliated short-term investments (subtotals included in Schedule DA Verification, Col. 5, Line 10)					
44. Affiliated mortgage loans on real estate					
45. All other affiliated					
46. Total of above Lines 40 to 45	51,733,905	52,269,998	49,464,392	48,799,716	46,901,226
47. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 46 above divided by Page 3, Col. 1, Line 35 x 100.0)	16.5	11.2	11.7	12.7	13.4

ANNUAL STATEMENT FOR THE YEAR 2008 OF THE Yosemite Insurance Company

**FIVE-YEAR HISTORICAL DATA**

(Continued)

	1 2008	2 2007	3 2006	4 2005	5 2004
<b>Capital and Surplus Accounts (Page 4)</b>					
48. Net unrealized capital gains (losses) (Line 24) .....	(434,642)	2,789,547	712,655	1,332,730	6,668,078
49. Dividends to stockholders (Line 35) .....	(196,000,000)				(2,400,000)
50. Change in surplus as regards policyholders for the year (Line 38) .....	(151,213,280)	42,227,366	38,141,647	36,139,168	41,965,632
<b>Gross Losses Paid (Page 9, Part 2, Cols. 1 &amp; 2)</b>					
51. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4) .....	52,302	171,708	(118,420)	1,740,482	592,405
52. Property lines (Lines 1, 2, 9, 12, 21 & 26) .....	11,153,669	8,837,005	11,289,156	12,862,913	11,355,869
53. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27) .....					
54. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) .....	3,700,475	2,292,589	1,906,243	2,267,002	2,534,430
55. Nonproportional reinsurance lines (Lines 31, 32 & 33) .....	62,105	483,275	163,236	72,378	180,724
56. Total (Line 35) .....	14,968,551	11,784,577	13,240,215	16,942,775	14,663,428
<b>Net Losses Paid (Page 9, Part 2, Col. 4)</b>					
57. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4) .....	(19,719)	171,708	(118,420)	1,740,482	592,405
58. Property lines (Lines 1, 2, 9, 12, 21 & 26) .....	11,153,669	8,837,005	11,289,156	12,862,913	11,355,869
59. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27) .....					
60. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) .....	3,696,603	2,274,150	1,840,303	2,200,593	2,457,274
61. Nonproportional reinsurance lines (Lines 31, 32 & 33) .....	65,718	474,031	163,236	72,378	180,724
62. Total (Line 35) .....	14,896,271	11,756,894	13,174,275	16,876,366	14,586,272
<b>Operating Percentages (Page 4) (Line divided by Page 4, Line 1) x 100.0</b>					
63. Premiums earned (Line 1) .....	100.0	100.0	100.0	100.0	100.0
64. Losses incurred (Line 2) .....	26.7	22.6	24.8	29.4	25.7
65. Loss expenses incurred (Line 3) .....	6.5	6.0	4.3	7.5	8.2
66. Other underwriting expenses incurred (Line 4) .....	19.4	21.3	22.6	20.3	22.8
67. Net underwriting gain (loss) (Line 8) .....	47.5	50.1	48.4	42.8	43.3
<b>Other Percentages</b>					
68. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0) .....	19.1	20.3	21.7	18.9	24.3
69. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0) .....	33.1	28.6	29.0	36.9	33.9
70. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35 divided by Page 3, Line 35, Col. 1 x 100.0) .....	19.4	12.6	12.4	13.0	15.4
<b>One Year Loss Development (000 omitted)</b>					
71. Development in estimated losses and loss expenses incurred prior to current year (Schedule P - Part 2 - Summary, Line 12, Col. 11) .....	(5,700)	(3,466)	(3,813)	(5,453)	(4,613)
72. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 71 above divided by Page 4, Line 21, Col. 1 x 100.0) .....	(1.2)	(0.8)	(1.0)	(1.6)	(1.5)
<b>Two Year Loss Development (000 omitted)</b>					
73. Development in estimated losses and loss expenses incurred two years before the current year and prior year (Schedule P, Part 2 - Summary, Line 12, Col. 12) .....	(2,812)	(321)	(4,098)	(3,708)	(2,363)
74. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 73 above divided by Page 4, Line 21, Col. 2 x 100.0) .....	(0.7)	(0.1)	(1.2)	(1.2)	(0.9)

ANNUAL STATEMENT FOR THE YEAR 2008 OF THE Yosemite Insurance Company  
**SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES**  
**SCHEDULE P - PART 1 - SUMMARY**

(\$000 OMITTED)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments						12 Number of Claims Reported-Direct and Assumed		
	1 Direct and Assumed	2 Ceded	3 Net (1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments			10 Salvage and Subrogation Received	11 Total Net Paid Cols (4 - 5 + 6 - 7 + 8 - 9)
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior.....	XXX	XXX	XXX	114	68	509		119			674	XXX
2. 1999.....	49,327	301	49,026	11,360	217	151		39			11,333	XXX
3. 2000.....	50,140	125	50,015	8,725	76			183			8,832	XXX
4. 2001.....	53,573	36	53,537	10,413	56			225			10,582	XXX
5. 2002.....	55,658	13	55,645	11,147	4			332			11,475	XXX
6. 2003.....	59,081	275	58,806	11,039	5			852			11,886	XXX
7. 2004.....	57,583	270	57,313	14,662	77			2,941	13		17,513	XXX
8. 2005.....	56,259	342	55,917	18,250	66			3,504			21,688	XXX
9. 2006.....	54,276	256	54,020	10,040	66			2,072			12,046	XXX
10. 2007.....	56,973	51	56,922	10,819	18			2,287			13,088	XXX
11. 2008.....	61,024	9	61,015	11,597	4			2,482			14,075	XXX
12. Totals.....	XXX	XXX	XXX	118,166	657	660		15,036	13		133,192	XXX

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding-Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21 Direct and Assumed	22 Ceded			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded					
1. Prior.....	12,775	8,066	23,850	12,074	1,683	821	5,667	3,181				19,833	XXX
2. 1999.....													XXX
3. 2000.....													XXX
4. 2001.....													XXX
5. 2002.....													XXX
6. 2003.....													XXX
7. 2004.....													XXX
8. 2005.....													XXX
9. 2006.....	83								29			112	XXX
10. 2007.....	132								49			181	XXX
11. 2008.....	3,150	1	7,837	2					1,195	1		12,178	XXX
12. Totals.....	16,140	8,067	31,687	12,076	1,683	821	5,667	3,181	1,273	1		32,304	XXX

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred /Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior.....	XXX	XXX	XXX	XXX	XXX	XXX			XXX	16,485	3,348
2. 1999.....	11,550	217	11,333	23.4	72.1	23.1					
3. 2000.....	8,908	76	8,832	17.8	60.8	17.7					
4. 2001.....	10,638	56	10,582	19.9	155.6	19.8					
5. 2002.....	11,479	4	11,475	20.6	30.8	20.6					
6. 2003.....	11,891	5	11,886	20.1	1.8	20.2					
7. 2004.....	17,603	90	17,513	30.6	33.3	30.6					
8. 2005.....	21,754	66	21,688	38.7	19.3	38.8					
9. 2006.....	12,224	66	12,158	22.5	25.8	22.5				83	29
10. 2007.....	13,287	18	13,269	23.3	35.3	23.3				132	49
11. 2008.....	26,261	8	26,253	43.0	88.9	43.0				10,984	1,194
12. Totals.....	XXX	XXX	XXX	XXX	XXX	XXX			XXX	27,684	4,620

Note: Parts 2 and 4 are gross of all discounting, including tabular discounting. Part 1 is gross of only nontabular discounting, which is reported in Columns 32 and 33 of Part 1. The tabular discount, if any, is reported in the Notes to Financial Statements which will reconcile Part 1 with Parts 2 and 4.

ANNUAL STATEMENT FOR THE YEAR 2008 OF THE Yosemite Insurance Company

**SCHEDULE P - PART 2 - SUMMARY**

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										DEVELOPMENT		
	1 1999	2 2000	3 2001	4 2002	5 2003	6 2004	7 2005	8 2006	9 2007	10 2008	11 One Year	12 Two Year	
1. Prior.....	14,965	17,323	19,157	19,943	21,551	23,689	24,836	26,314	29,489	30,044	555	3,730	
2. 1999.....	16,901	11,326	11,363	11,294	11,294	11,294	11,294	11,294	11,294	11,294			
3. 2000.....	XXX	14,132	8,715	8,709	8,649	8,649	8,649	8,649	8,649	8,649			
4. 2001.....	XXX	XXX	16,075	10,428	10,426	10,357	10,357	10,357	10,357	10,357			
5. 2002.....	XXX	XXX	XXX	17,197	11,149	11,219	11,143	11,143	11,143	11,143			
6. 2003.....	XXX	XXX	XXX	XXX	17,999	11,247	11,081	11,034	11,034	11,034			
7. 2004.....	XXX	XXX	XXX	XXX	XXX	21,036	14,678	14,602	14,585	14,585		(17)	
8. 2005.....	XXX	XXX	XXX	XXX	XXX	XXX	23,082	17,914	18,248	18,184	(64)	270	
9. 2006.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	16,852	9,894	10,057	163	(6,795)	
10. 2007.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	17,287	10,933	(6,354)	XXX	
11. 2008.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	22,577	XXX	XXX	
											12. Totals	(5,700)	(2,812)

**SCHEDULE P - PART 3 - SUMMARY**

Years in Which Losses Were Incurred	CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										11 Number of Claims Closed With Loss Payment	12 Number of Claims Closed Without Loss Payment
	1 1999	2 2000	3 2001	4 2002	5 2003	6 2004	7 2005	8 2006	9 2007	10 2008		
1. Prior.....	.000	(100)	1,193	1,628	2,693	4,563	7,409	8,217	9,656	10,211	XXX	XXX
2. 1999.....	8,697	11,244	11,294	11,294	11,294	11,294	11,294	11,294	11,294	11,294	XXX	XXX
3. 2000.....	XXX	6,055	8,602	8,649	8,649	8,649	8,649	8,649	8,649	8,649	XXX	XXX
4. 2001.....	XXX	XXX	7,165	10,260	10,357	10,357	10,357	10,357	10,357	10,357	XXX	XXX
5. 2002.....	XXX	XXX	XXX	8,136	11,059	11,143	11,143	11,143	11,143	11,143	XXX	XXX
6. 2003.....	XXX	XXX	XXX	XXX	8,286	10,999	11,034	11,034	11,034	11,034	XXX	XXX
7. 2004.....	XXX	XXX	XXX	XXX	XXX	11,017	14,378	14,585	14,585	14,585	XXX	XXX
8. 2005.....	XXX	XXX	XXX	XXX	XXX	XXX	11,668	17,696	18,184	18,184	XXX	XXX
9. 2006.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	6,895	9,816	9,974	XXX	XXX
10. 2007.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	7,702	10,801	XXX	XXX
11. 2008.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	11,593	XXX	XXX

**SCHEDULE P - PART 4 - SUMMARY**

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)									
	1 1999	2 2000	3 2001	4 2002	5 2003	6 2004	7 2005	8 2006	9 2007	10 2008
1. Prior.....	6,553	9,652	12,157	12,808	13,854	13,248	13,880	14,396	14,510	14,262
2. 1999.....	5,972									
3. 2000.....	XXX	6,561								
4. 2001.....	XXX	XXX	7,296							
5. 2002.....	XXX	XXX	XXX	7,271						
6. 2003.....	XXX	XXX	XXX	XXX	7,969					
7. 2004.....	XXX	XXX	XXX	XXX	XXX	8,044				
8. 2005.....	XXX	XXX	XXX	XXX	XXX	XXX	8,106			
9. 2006.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	8,180		
10. 2007.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	7,737	
11. 2008.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	7,835

ANNUAL STATEMENT FOR THE YEAR 2008 OF THE Yosemite Insurance Company

**SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN**

Allocated by States and Territories

States, Etc.	1 Active Status	Gross Premiums, Including Policy and Membership Fees, Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premiums Written for Federal Purchasing Groups (Included in Column 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama AL	L	850,891	815,538		279,717	281,470	144,114		
2. Alaska AK	N								
3. Arizona AZ	L	1,149,824	1,043,902		141,177	145,764	186,023		
4. Arkansas AR	L								
5. California CA	L	6,217,227	6,651,073		1,148,967	1,126,476	17,809,614		
6. Colorado CO	L	1,280,697	1,066,681		52,434	96,775	934,269		
7. Connecticut CT	L								
8. Delaware DE	L	110,861	103,433		5,565	(80,397)	7,476,917		
9. District of Columbia DC	N								
10. Florida FL	L	1,713,584	1,647,804		309,885	330,469	297,799		
11. Georgia GA	L	1,123,129	1,140,703		83,040	86,559	160,911		
12. Hawaii HI	L	207,154	249,722		25,291	29,533	51,523		
13. Idaho ID	L	545,240	503,717		152,047	170,106	99,490		
14. Illinois IL	L	3,516,973	3,703,291		567,047	571,971	733,357		
15. Indiana IN	L	4,043,636	4,320,170		1,498,789	1,671,617	839,072		
16. Iowa IA	L	181,332	182,374		52,411	53,961	36,826		
17. Kansas KS	L	398,106	367,929		38,838	41,055	72,690		
18. Kentucky KY	L	1,265,574	1,225,228		253,092	280,296	191,231		
19. Louisiana LA	L	405,924	497,019		58,937	58,030	70,050		
20. Maine ME	L	10,233	13,644		6,897	7,520	6,356		
21. Maryland MD	L	438,625	416,099		53,820	69,990	86,973		
22. Massachusetts MA	L	11,639	34,812		1,436	(3,230)	4,874		
23. Michigan MI	L	394,140	650,895		206,193	222,230	166,460		
24. Minnesota MN	L	24,997	24,432		1,530	1,049	4,018		
25. Mississippi MS	L	408,420	524,016		82,667	68,914	90,477		
26. Missouri MO	L	248,551	301,354		80,052	83,988	84,366		
27. Montana MT	L	157,514	150,846		17,542	13,957	22,392		
28. Nebraska NE	L	55,576	47,476		3,619	2,812	9,419		
29. Nevada NV	L	259,118	244,866		41,356	67,870	57,232		
30. New Hampshire NH	L	137,619	93,830		10,120	19,818	15,836		
31. New Jersey NJ	L	566,169	355,299		16,848	42,814	1,174,332		
32. New Mexico NM	L	500,620	425,753		23,384	26,738	69,657		
33. New York NY	Q					(2)	186		
34. North Carolina NC	L	3,558,707	3,688,116		839,310	919,671	786,995		
35. North Dakota ND	L					(62)			
36. Ohio OH	L	1,615,443	1,645,179		312,826	368,367	392,728		
37. Oklahoma OK	L	206,114	226,822		9,487	28,262	49,803		
38. Oregon OR	L	462,508	480,845		84,139	81,600	93,456		
39. Pennsylvania PA	L	1,835,895	1,924,099		356,551	424,525	389,912		
40. Rhode Island RI	L	26,815	37,892		5,419	5,540	7,908		
41. South Carolina SC	L	2,015,444	1,714,823		483,109	543,281	336,553		
42. South Dakota SD	L	33,272	39,112		1,825	(274)	5,476		
43. Tennessee TN	L	1,078,912	968,101		108,715	124,625	158,419		
44. Texas TX	L	376,760	374,753		76,343	92,927	101,738		
45. Utah UT	L	264,780	284,846		9,059	11,653	45,721		
46. Vermont VT	N								
47. Virginia VA	L	1,002,554	867,236		256,210	293,461	234,004		
48. Washington WA	L	760,140	717,760		394,015	463,857	250,814		
49. West Virginia WV	L	428,407	411,224		82,051	124,911	65,211		
50. Wisconsin WI	L	1,484,787	1,604,404		327,590	361,213	308,743		
51. Wyoming WY	L	45,529	46,521		4,564	(23,714)	7,706		
52. American Samoa AS	N								
53. Guam GU	N								
54. Puerto Rico PR	Q								
55. U.S. Virgin Islands VI	N								
56. Northern Mariana Islands MP	N								
57. Canada CN	N								
58. Aggregate Other Aliens OT	XXX								
59. Totals (a)	(a) 47	41,419,440	41,833,639		8,563,914	9,307,997	34,131,651		
DETAILS OF WRITE-INS									
5801.	XXX								
5802.	XXX								
5803.	XXX								
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX								
5899. Totals (Lines 5801 through 5803 plus 5898)(Line 58 above)	XXX								

Explanation of basis of allocation of premiums by states, etc.

Premiums for credit personal property, involuntary unemployment, and creditor placed auto are allocated based on the branch location where the insurance contract was signed. Premiums for creditor placed occupied dwelling (fire) are allocated based on the state in which the insured property is located. Premiums for vacant dwelling (fire) are allocated based on the state in which the blanket policy was issued.

(a) Insert the number of L responses except for Canada and Other Alien.

ANNUAL STATEMENT FOR THE YEAR 2008 OF THE Yosemite Insurance Company

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP  
PART 1 - ORGANIZATIONAL CHART

AMERICAN INTERNATIONAL GROUP, INC. - 2008

COMPANY NAME	NAIC COMPANY CODE	STATE OF DOMICILE	FEDERAL EMPLOYERS IDENTIFICATION NUMBER
21ST CENTURY CASUALTY COMPANY	36404	CA	95-4136306
21ST CENTURY INSURANCE COMPANY	12963	CA	95-2565072
21ST CENTURY INSURANCE COMPANY OF THE SOUTHWEST	10245	TX	86-0812982
21ST CENTURY INSURANCE GROUP	00000	DE	95-1935264
A.I.G. MORTGAGE HOLDINGS ISRAEL, LTD.	00000	Israel	00-0000000
AGC LIFE INSURANCE COMPANY	97780	MO	76-0030921
AGENVITA S.R.L.	00000	Italy	00-0000000
AIG ADVANTAGE INSURANCE COMPANY	25232	MN	22-3398993
AIG ANNUITY INSURANCE COMPANY	70432	TX	75-0770838
AIG AUTO INSURANCE COMPANY OF NEW JERSEY	10184	NJ	22-3337475
AIG BRAZIL COMPANHIA DE SEGUROS S.A.	00000	Brazil	00-0000000
AIG BULGARIA INSURANCE COMPANY EAD	00000	Bulgaria	00-0000000
AIG CAPITAL CORPORATION	00000	DE	60-0001373
AIG CASPIAN INSURANCE COMPANY	00000	Azerbaijan	00-0000000
AIG CASTLE HOLDINGS II LLC	00000	DE	00-0000000
AIG CASUALTY COMPANY	19402	PA	25-1118791
AIG CENTENNIAL INSURANCE COMPANY	34789	PA	23-2044095
AIG CENTRAL EUROPE & CIS INSURANCE HOLDINGS CORPORATION	00000	DE	13-4059344
AIG COLOMBIA SEGUROS GENERALES S.A.	00000	Colombia	00-0000000
AIG COMMERCIAL INSURANCE COMPANY OF CANADA (FORMERLY COMMERCE AND INDUSTRY INSURANCE COMPANY OF CANADA)	00000	Canada	AA-1564107
AIG COMMERCIAL INSURANCE GROUP, INC.	00000	DE	13-3386798
AIG CONSUMER FINANCE GROUP, INC.	00000	DE	13-3847404
AIG CZECH REPUBLIC POJISTOUNA, S.A.	00000	Czech Republic	00-0000000
AIG EDISON LIFE INSURANCE COMPANY	00000	Japan	00-0000000
AIG EGYPT INSURANCE COMPANY S.A.E.	00000	Egypt	00-0000000
AIG IRELAND LIMITED	00000	Ireland	00-0000000
AIG EUROPE (NETHERLANDS) N.V.	00000	Netherlands	00-0000000
AIG EUROPE, S.A.	00000	France	00-0000000
AIG EXCESS LIABILITY INSURANCE COMPANY, LTD.	10932	DE	52-2114170
AIG EXCESS LIABILITY INSURANCE INTERNATIONAL LIMITED	00000	Ireland	00-0000000
AIG FUNDING, INC.	00000	DE	13-3356994
AIG GENERAL INSURANCE (MALAYSIA) BERHAD	00000	Malaysia	00-0000000
AIG GENERAL INSURANCE (TAIWAN) CO., LTD.	00000	Taiwan	AA-5280010
AIG GENERAL INSURANCE (THAILAND) LTD.	00000	Thailand	00-0000000
AIG GENERAL INSURANCE (VIETNAM) COMPANY LIMITED	00000	Vietnam	00-0000000
AIG GENERAL INSURANCE COMPANY CHINA LIMITED	00000	China	00-0000000
AIG GLOBAL REAL ESTATE ASIA PACIFIC, INC.	00000	DE	51-0387752
AIG GLOBAL TRADE AND POLITICAL RISK INSURANCE COMPANY	10651	NJ	22-3423217
AIG HAWAII INSURANCE COMPANY, INC.	28487	HI	22-2640040
AIG HAWAII LTC SOLUTIONS,LLC	00000	HI	20-3821099
AIG HAWAII TECHNOLOGY SOLUTIONS, LLC	00000	HI	04-3726591
AIG HAYAT SIGORTA A.S.	00000	Turkey	00-0000000
AIG INDEMNITY INSURANCE COMPANY	43974	PA	13-1967524
AIG ISRAEL INSURANCE COMPANY LTD. (FORMERLY AIG GOLDEN INSURANCE COMPANY, LTD.)	00000	Israel	00-0000000
AIG KAZAKHSTAN INSURANCE COMPANY	00000	Kazakhstan	00-0000000
AIG KENYA INSURANCE COMPANY LIMITED	00000	Kenya	00-0000000
AIG LEBANON S.A.L.	00000	Lebanon	00-0000000
AIG LIFE (BULGARIA) ZSD, EAD	00000	Bulgaria	00-0000000
AIG LIFE (IRELAND) LIMITED	00000	Ireland	00-0000000
AIG LIFE ASIGURARI ROMANIA, S.A.	00000	Romania	00-0000000
AIG LIFE HOLDINGS (INTERNATIONAL) LLC	00000	DE	13-2592361
AIG LIFE HOLDINGS (US), INC. (FORMERLY AMERICAN GENERAL CORPORATION)	00000	TX	74-0483432
AIG LIFE INSURANCE COMPANY	66842	DE	25-1118523
AIG LIFE INSURANCE COMPANY (SWITZERLAND), LTD.	00000	Switzerland	00-0000000
AIG LIFE INSURANCE COMPANY OF CANADA	00000	Canada	00-0000000
AIG LIFE INSURANCE COMPANY OF PUERTO RICO	60615	PR	66-0235597
AIG LIFE INTERNATIONAL LTD.	00000	Isle of Mann	00-0000000
AIG LIFE OF BERMUDA, LTD.	00000	Bermuda	98-0181730
AIG LIFE OSIGURANJE A.D.O. BEOGRAD	00000	Serbia	00-0000000
AIG LIFE SOUTH AFRICA LIMITED	00000	South Africa	00-0000000
AIG LODGING OPPORTUNITIES, INC.	00000	DE	13-3667648
AIG MANAGEMENT (UK) LIMITED	00000	UK	00-0000000
AIG MARKETING EUROPE S.A.S.	00000	FGN	00-0000000
AIG MEXICO SEGUROS INTERAMERICANA, S.A. DE C.V.	00000	Mexico	00-0000000
AIG MEXICO, COMPANIA DE SEGUROS DE VIDA, S.A. DE C.V.	00000	Mexico	00-0000000
AIG NATIONAL INSURANCE COMPANY, INC.	36587	NY	13-3801089
AIG POLSKA TOWARZYSTWO UBECPICZENSPOPKA AKCYJNA	00000	Poland	00-0000000
AIG POLSKA TOWARZYSTWO UBEZPIECEN S.A.	00000	Poland	00-0000000
AIG POWSZECHNE TOWARZYSTWO EMERYTALNE S.A.	00000	Poland	00-0000000
AIG PREFERRED INSURANCE COMPANY	22225	PA	95-2743473
AIG PREMIER INSURANCE COMPANY	20796	PA	22-1721971
AIG PROPERTY CASUALTY GROUP, INC.	00000	DE	20-5971809
AIG RETIREMENT SERVICES, INC.	00000	DE	95-4715639
AIG ROMANIA INSURANCE COMPANY S.A.	00000	Romania	00-0000000
AIG SECURITIES LENDING CORP.	00000	DE	13-4009890
AIG SEGUROS & PERSONAS, S.A.	00000	El Salvador	00-0000000
AIG SIGORTA A.S.	00000	Turkey	00-0000000
AIG SOUTH AFRICA LIMITED	00000	South Africa	00-0000000
AIG STAR LIFE INSURANCE CO., LTD.	00000	Japan	00-0000000
AIG SUNAMERICA ASSET MANAGEMENT CORP.	00000	DE	13-3127880
AIG SUNAMERICA LIFE ASSURANCE COMPANY	60941	AZ	86-0198983
AIG UK LIMITED	00000	UK	00-0000000
AIG UKRAINE	00000	Ukraine	00-0000000
AIG UNION Y DESARROLLO, S.A.	00000	El Salvador	00-0000000
AIG UNITED GUARANTY AGENZIA DI ASSICURAZIONE S.R.L	00000	Italy	00-0000000
AIG UNITED GUARANTY INSURANCE (ASIA) LIMITED	00000	Hong Kong	00-0000000
AIG UNITED GUARANTY MEXICO, S.A.	00000	Mexico	00-0000000
AIG UNITED GUARANTY MORTGAGE INSURANCE COMPANY CANADA	00000	Canada	00-0000000
AIG UNITED GUARANTY RE, LIMITED	00000	Ireland	00-0000000
AIG UNITED GUARANTY, SOCIEDAD LIMITADA	00000	Spain	00-0000000
AIG UZBEKINVEST LIMITED	00000	UK	00-0000000
AIG VITA S.P.A. (ITALY)	00000	Italy	00-0000000
AIG WORLDWIDE LIFE INSURANCE COMPANY OF BERMUDA	00000	Bermuda	00-0000000
AIU HOLDINGS LLC	00000	Bermuda	00-0000000
AIU INSURANCE COMPANY	19399	NY	13-5303710
ALICO COMPANIA DE SEGUROS DE VIDA S.A.	00000	Uruguay	00-0000000

ANNUAL STATEMENT FOR THE YEAR 2008 OF THE Yosemite Insurance Company

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP  
PART 1 - ORGANIZATIONAL CHART

AMERICAN INTERNATIONAL GROUP, INC. - 2008

COMPANY NAME	NAIC COMPANY CODE	STATE OF DOMICILE	FEDERAL EMPLOYERS IDENTIFICATION NUMBER
ALICO COMPANIA DE SEGUROS S.A. (ARGENTINA)	00000	Argentina	00-0000000
ALICO EUROPEAN HOLDINGS LIMITED	00000	Ireland	98-0552186
ALICO PROPERTIES, INC. II	00000	DE	52-2094096
ALICO, S.A.	00000	France	00-0000000
AMERICAN FUJI FIRE & MARINE INSURANCE COMPANY	40938	IL	36-3155373
AMERICAN GENERAL ASSURANCE COMPANY	68373	IL	36-1677770
AMERICAN GENERAL EQUITY SERVICES CORPORATION	00000	DE	37-0919114
AMERICAN GENERAL FINANCE CORPORATION	00000	IN	35-0416090
AMERICAN GENERAL INDEMNITY COMPANY	24376	IL	93-0928517
AMERICAN GENERAL LIFE AND ACCIDENT INSURANCE COMPANY	66672	TN	62-0306330
AMERICAN GENERAL LIFE COMPANIES, LLC	00000	DE	76-0555364
AMERICAN GENERAL LIFE INSURANCE COMPANY	60488	TX	25-0598210
AMERICAN GENERAL PROPERTY INSURANCE COMPANY	31208	TN	62-0929818
AMERICAN GENERAL PROPERTY INSURANCE COMPANY OF FLORIDA	22616	FL	59-1289686
AMERICAN HOME ASSURANCE COMPANY	19380	NY	13-5124990
AIG LIFE INSURANCE (VIETNAM) COMPANY LIMITED	00000	Vietnam	00-0000000
AMERICAN INTERNATIONAL ASSURANCE COMPANY (AUSTRALIA) LTD.	00000	Australia	00-0000000
AMERICAN INTERNATIONAL ASSURANCE COMPANY (BERMUDA) LTD.	00000	Bermuda	00-0000000
AMERICAN INTERNATIONAL ASSURANCE COMPANY LIMITED	00000	Hong Kong	00-0000000
AMERICAN INTERNATIONAL COMPANY, LIMITED	00000	Bermuda	00-0000000
AMERICAN INTERNATIONAL GROUP KABUSHIKI KAISHA	00000	Japan	00-0000000
AMERICAN INTERNATIONAL GROUP, INC.	00124	DE	13-2592361
AMERICAN INTERNATIONAL INSURANCE COMPANY	32220	NY	13-3333609
AMERICAN INTERNATIONAL INSURANCE COMPANY OF CALIFORNIA, INC.	43761	CA	95-4232263
AMERICAN INTERNATIONAL INSURANCE COMPANY OF DELAWARE	44245	DE	13-3551577
AMERICAN INTERNATIONAL INSURANCE COMPANY OF NEW JERSEY	10710	NJ	13-3922232
AMERICAN INTERNATIONAL INSURANCE COMPANY OF PUERTO RICO	31674	PR	66-0319193
AMERICAN INTERNATIONAL LIFE ASSURANCE COMPANY OF NEW YORK	60607	NY	13-6101875
AMERICAN INTERNATIONAL PACIFIC INSURANCE COMPANY	23795	CO	02-0226203
AMERICAN INTERNATIONAL REINSURANCE COMPANY, LTD.	00000	Bermuda	23-2391022
AMERICAN INTERNATIONAL SOUTH INSURANCE COMPANY	40258	PA	02-6008643
AMERICAN INTERNATIONAL SPECIALTY LINES INSURANCE COMPANY	26883	IL	02-0309086
AMERICAN INTERNATIONAL UNDERWRITERS (PHILIPPINES), INC.	00000	Philippines	00-0000000
AMERICAN INTERNATIONAL UNDERWRITERS OVERSEAS ASSOCIATION	00000	Bermuda	98-0033331
AMERICAN INTERNATIONAL UNDERWRITERS OVERSEAS, LTD.	33464	NY	98-0031948
AMERICAN LIFE AND GENERAL INSURANCE COMPANY (TRINIDAD & TOBAGO) LTD	00000	Trinidad & Tobago	00-0000000
AMERICAN LIFE INSURANCE COMPANY	60690	DE	98-0000065
AMERICAN LIFE INSURANCE COMPANY (PAKISTAN) LIMITED	00000	Pakistan	00-0000000
AMERICAN LIFE INSURANCE COMPANY GESTORA DE FONDOS Y PLANOS DE PENSIONES S.A.	00000	Spain	00-0000000
AMERICAN PACIFIC INSURANCE COMPANY, INC.	10805	HI	13-3953213
AMERICAN SECURITY LIFE INSURANCE COMPANY, LTD.	00000	Liechtenstein	00-0000000
ARABIAN AMERICAN INSURANCE COMPANY (BAHRAIN) E.C.	00000	Bahrain	00-0000000
AUDUBON INDEMNITY COMPANY	19925	MS	72-0680715
AUDUBON INSURANCE COMPANY	19933	LA	72-0417091
AURORA NATIONAL LIFE ASSURANCE COMPANY	00000	CA	95-4441930
BAY STARS PROPERTIES, INC	00000	DE	51-0403908
BOILER INSPECTION AND INSURANCE COMPANY OF CANADA	00000	Canada	AA-1560050
C A DE SEGUROS AMERICAN INTERNATIONAL	00000	Venezuela	00-0000000
CJSC AMERICAN INSURANCE COMPANY AIG LIFE	00000	Ukraine	00-0000000
CJSC AMERICAN LIFE INSURANCE COMPANY (RUSSIA)	00000	Russia	00-0000000
COMMERCE AND INDUSTRY INSURANCE COMPANY	19410	NY	13-1938623
DELAWARE AMERICAN LIFE INSURANCE COMPANY	62634	DE	51-0104167
E.M.I. - EZER MORTGAGE INSURANCE COMPANY LTD.	00000	Israel	00-0000000
EL PACIFICO VIDA COMPANIA Y REASEGUROS	00000	Peru	00-0000000
EL PACIFICO-PERUANO SUIZA COMPANIA DE SEGUROS S.A.	00000	Peru	00-0000000
EVEREST BROADBAND, INC.	00000	FGN	00-0000000
FIRST AMERICAN CZECH INSURANCE COMPANY, A.S.	00000	Czech Republic	00-0000000
FIRST AMERICAN HUNGARIAN INSURANCE COMPANY, RT.	00000	Hungary	00-0000000
FIRST AMERICAN POLISH LIFE INSURANCE AND REINSURANCE COMPANY S.A.	00000	Poland	00-0000000
FIRST SUNAMERICA LIFE INSURANCE COMPANY	92495	NY	06-0992729
FUJI FIRE & MARINE INSURANCE COMPANY LIMITED	00000	Japan	00-0000000
FUJI INTERNATIONAL INSURANCE COMPANY, LIMITED	00000	UK	00-0000000
FUJI LIFE INSURANCE COMPANY	00000	Japan	00-0000000
GLOBAL STANDARDS, LLC	00000	DE	06-1636726
GRANITE STATE INSURANCE COMPANY	23809	PA	02-0140690
HAYLEYS AIG INSURANCE COMPANY LIMITED	00000	Sri Lanka	00-0000000
HELLAS INSURANCE CO. S.A.	00000	Greece	00-0000000
HELLENIC ALICO LIFE INSURANCE COMPANY LTD.	00000	Cyprus	00-0000000
HSB ENGINEERING INSURANCE LIMITED	00000	UK	AA-1120544
HSB GROUP, INC.	00000	DE	13-4141052
HSB PROFESSIONAL LOSS CONTROL, INC.	00000	TN	62-0974339
IBCO GESTAO DE PATRIMONIOS, S.A.	00000	Portugal	00-0000000
ILLINOIS NATIONAL INSURANCE COMPANY	23817	IL	37-0344310
INTERNAMERICANA BRAZIL (UNIBANCO SEGUROS)	00000	Brazil	00-0000000
INTERNATIONAL COMPUTER SERVICES, INC.	00000	NH	02-0279326
INTERNATIONAL INVESTMENT HOLDING	00000	Russia	00-0000000
INTERNATIONAL LEASE FINANCE CORPORATION	00000	CA	22-3059110
INVERSIONES INTERAMERICANA S.A.	00000	Chile	00-0000000
INVERSIONES INVERSEGVEN, C.A.	00000	Venezuela	00-0000000
INVERSIONES SEGUCASAI C.A.	00000	Venezuela	00-0000000
JI ACCIDENT & FIRE INSURANCE COMPANY, LTD.	00000	Japan	00-0000000
KUWAIT REINSURANCE COMPANY (K.S.C.)	00000	Kuwait	00-0000000
LA INTERAMERICANA COMPANIA DE SEGUROS DE VIDA S.A.	00000	Chile	00-0000000
LA INTERAMERICANA COMPANIA DE SEGUROS GENERALES S.A. (CHILE)	00000	Chile	00-0000000
LA MERIDIONAL COMPANIA ARGENTINA DE SEGUROS S.A.	00000	Argentina	00-0000000
LA SEGURIDAD DE CENTROAMERICA COMPANIA DE SEGUROS S.A.	00000	Guatemala	00-0000000
LA SEGURIDAD DE PANAMA COMPANIA DE REASEGURA, S.A.	00000	Panama	00-0000000
LANDMARK INSURANCE COMPANY	35637	CA	22-2147221
LATIN AMERICAN INVESTMENT GUARANTEE COMPANY LTD.	00000	Bermuda	00-0000000
LEXINGTON INSURANCE COMPANY	19437	DE	25-1149494
MERIT LIFE INSURANCE CO.	65951	IN	35-1005090
MOREFAR MARKETING, INC.	00000	DE	23-2101054
NAN SHAN LIFE INSURANCE COMPANY, LTD.	00000	Taiwan	00-0000000
NATIONAL UNION FIRE INSURANCE COMPANY OF LOUISIANA	32298	LA	22-2940485
NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA	19445	PA	25-0687550
NATIONAL UNION FIRE INSURANCE COMPANY OF VERMONT	00000	VT	03-0449619
NEW HAMPSHIRE INDEMNITY COMPANY, INC.	23833	PA	02-0227294

ANNUAL STATEMENT FOR THE YEAR 2008 OF THE Yosemite Insurance Company

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP  
PART 1 - ORGANIZATIONAL CHART

AMERICAN INTERNATIONAL GROUP, INC. - 2008

COMPANY NAME	NAIC COMPANY CODE	STATE OF DOMICILE	FEDERAL EMPLOYERS IDENTIFICATION NUMBER
NEW HAMPSHIRE INSURANCE COMPANY	23841	PA	02-0172170
P.T. ASURANSI AIA INDONESIA	00000	Indonesia	00-0000000
P.T.AIG LIFE	00000	Indonesia	00-0000000
PACIFIC UNION ASSURANCE COMPANY	81612	CA	94-2213840
PHARAONIC AMERICAN LIFE INSURANCE COMPANY	00000	Egypt	00-0000000
PHILAM EQUITABLE LIFE ASSURANCE COMPANY, INC.	00000	Philippines	00-0000000
PHILAM INSURANCE COMPANY, INC.	00000	Philippines	00-0000000
PHILIPPINE AMERICAN LIFE & GENERAL INSURANCE COMPANY	00000	Philippines	00-0000000
PINE STREET REAL ESTATE HOLDINGS CORP.	00000	NH	02-0275917
PINE VERMONT REINSURANCE COMPANY	00000	VT	26-1608363
POLISH AMERICAN INSURANCE COMPANY LTD.	00000	Poland	AA-3190133
PUTNAM REINSURANCE COMPANY	35157	NY	13-3333610
RA-HART INVESTMENT COMPANY	00000	TX	06-1025071
RICHMOND INSURANCE COMPANY (BARBADOS) LTD.	00000	Barbados	00-0000000
RICHMOND INSURANCE COMPANY LIMITED	00000	Bermuda	00-0000000
RUSSIAN REINSURANCE COMPANY OAO	00000	Russia	00-0000000
SA AFFORDABLE HOUSING, LLC	00000	DE	95-4816953
SEA INSURANCE CO. LIMITED	00000	Papua New Guinea	00-0000000
SEA INSURANCE SENDIRIAN BERHAD	00000	Brunei	00-0000000
SEGUROS VENEZUELA, C.A.	00000	Venezuela	00-0000000
SUNAMERICA CAYMAN INSURANCE COMPANY, LTD.	00000	Cayman Islands	00-0000000
SUNAMERICA INVESTMENTS, INC.	00000	GA	52-1128427
SUNAMERICA LIFE INSURANCE COMPANY	69256	AZ	52-0502540
TATA AIG GENERAL INSURANCE COMPANY LIMITED	00000	India	AA-5344100
TATA AIG LIFE INSURANCE COMPANY LTD.	00000	India	00-0000000
THE HARTFORD STEAM BOILER INSPECTION AND INSURANCE COMPANY	11452	CT	06-0384680
THE HARTFORD STEAM BOILER INSPECTION AND INSURANCE COMPANY OF CONNECTICUT	29890	CT	06-1240885
THE INSURANCE COMPANY OF THE STATE OF PENNSYLVANIA	19429	PA	13-5540698
THE UNITED STATES LIFE INSURANCE COMPANY IN THE CITY OF NEW YORK	70106	NY	13-5459480
THE VARIABLE ANNUITY LIFE INSURANCE COMPANY	70238	TX	74-1625348
TRANSATLANTIC HOLDINGS INC.	00000	DE	13-3355897
TRANSATLANTIC RE ZURICH	00000	Switzerland	00-0000000
TRANSATLANTIC REINSURANCE COMPANY	19453	NY	13-5616275
UBB-AIG INSURANCE AND REINSURANCE COMPANY JSC	00000	Bulgaria	00-0000000
UBB-AIG LIFE INSURANCE COMPANY JSC	00000	Bulgaria	00-0000000
UNDERWRITERS ADJUSTMENT COMPANY, INC. (PANAMA)	00000	Panama	00-0000000
UNIBANCO AIG SEGUROS S.A.	00000	FGN	00-0000000
UNION ATLANTIQUE DE REASSURANCE, S.A.(FORMERLY L'UNION ATLANTIQUE D'ASSURNACES, S. A.)	00000	FGN	00-0000000
UNION EXCESS REINSURANCE COMPANY, LTD.	00000	FGN	00-0000000
UNIONVITA, S.P.A.	00000	FGN	00-0000000
UNITED GUARANTY COMMERCIAL INSURANCE COMPANY OF NORTH CAROLINA	16659	NC	56-0989041
UNITED GUARANTY CORPORATION	00000	NC	13-3082127
UNITED GUARANTY CREDIT INSURANCE COMPANY	40525	NC	56-1307714
UNITED GUARANTY INSURANCE COMPANY	11715	NC	56-1790793
UNITED GUARANTY MORTGAGE INDEMNITY COMPANY	26999	NC	42-0994960
UNITED GUARANTY MORTGAGE INSURANCE COMPANY	11685	NC	56-1790794
UNITED GUARANTY MORTGAGE INSURANCE COMPANY OF NORTH CAROLINA	11740	NC	56-1790796
UNITED GUARANTY PARTNERS INSURANCE COMPANY	00000	VT	03-0358003
UNITED GUARANTY RESIDENTIAL INSURANCE COMPANY	15873	NC	42-0885398
UNITED GUARANTY RESIDENTIAL INSURANCE COMPANY OF NORTH CAROLINA	16667	NC	56-0789396
UNITED GUARANTY SERVICIOS ADMINISTRATIVOS, S. DE R.L. DE C.V.	00000	Mexico	00-0000000
UZBEK AMERICAN INSURANCE COMPANY	00000	Uzbekistan	00-0000000
UZBEKINVEST INTERNATIONAL INSURANCE COMPANY LIMITED	00000	Uzbekistan	00-0000000
VOLUNTEER VERMONT REINSURANCE COMPANY	00000	VT	26-2555739
YOSEMITE INSURANCE COMPANY	26220	IN	94-1590201

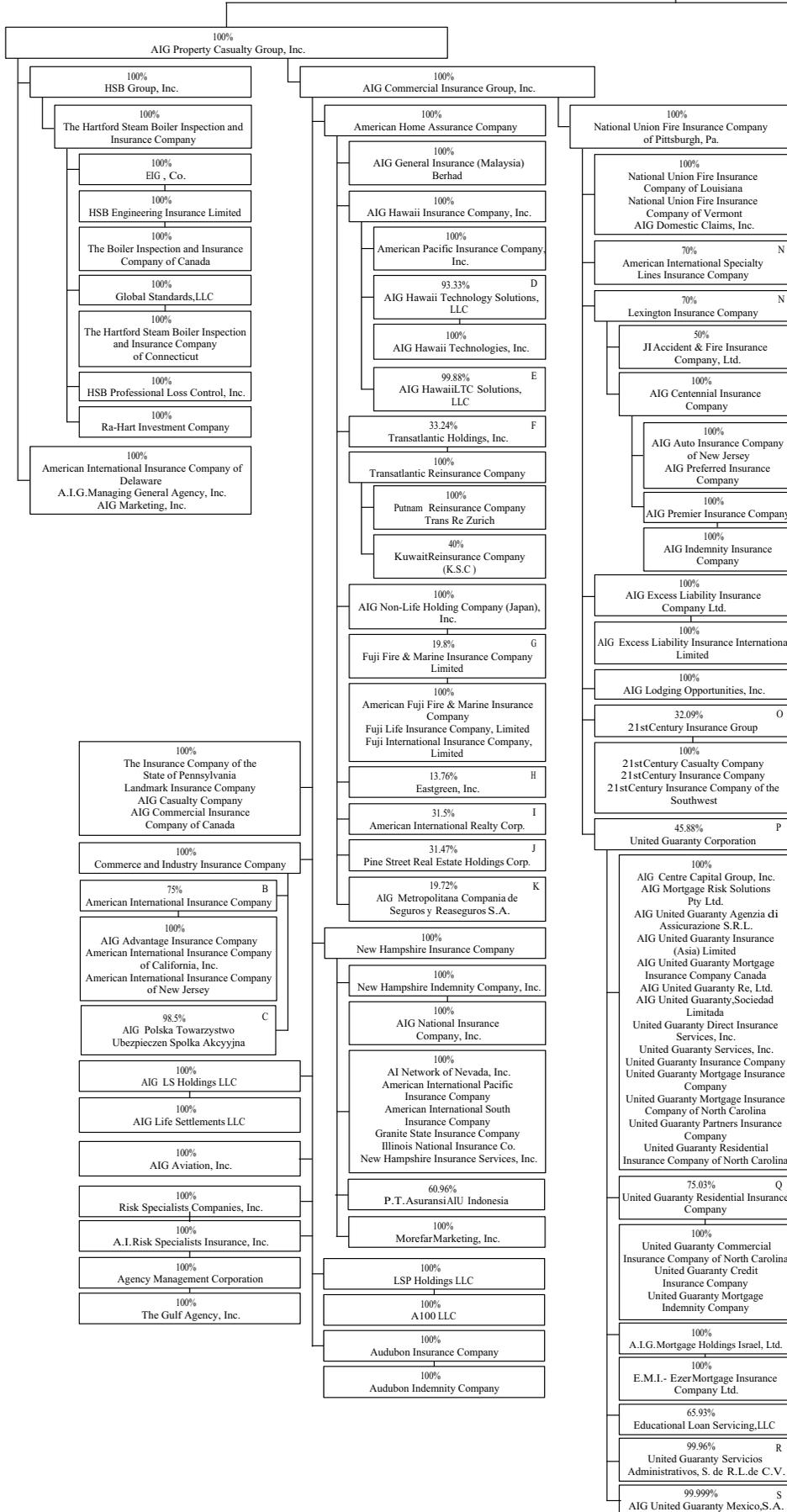
ANNUAL STATEMENT FOR THE YEAR 2008 OF THE Yosemite Insurance Company

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP  
PART 1 - ORGANIZATIONAL CHART

SCHEDULE Y

EXPLANATION OF ORGANIZATION CHART PRESENTATION:  
CERTAIN AFFILIATES ARE NOT DISPLAYED SINCE THEY DO NOT MEET THE REPORTING THRESHOLD BASED ON THE NAIC ANNUAL STATEMENT INSTRUCTIONS. THE CHART DOES NOT INCLUDE REAL ESTATE JOINT VENTURES, PARTNERSHIPS, TRUSTS, FUNDS, BRANCHES OR INACTIVE ENTITIES.

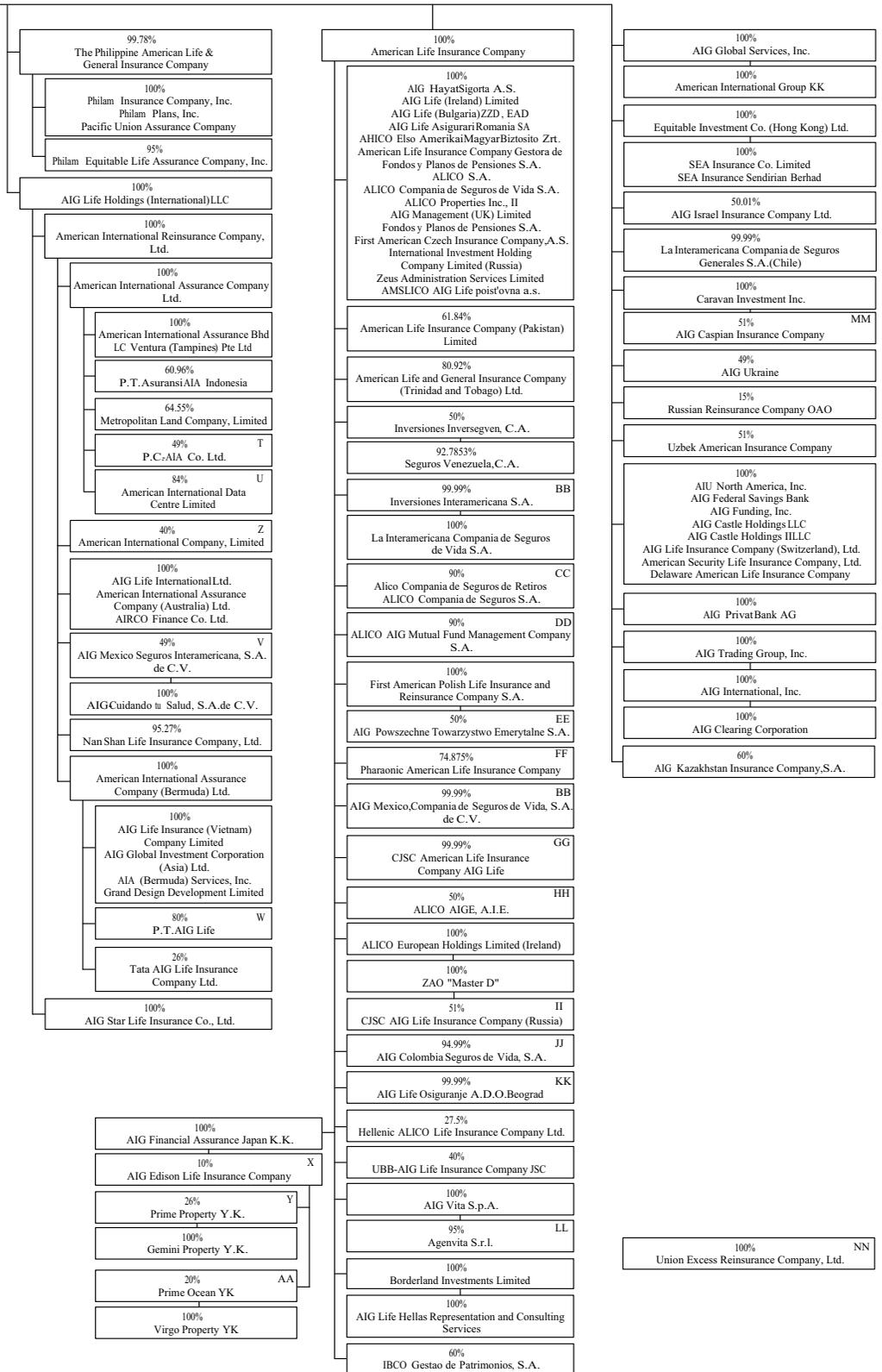
American International Group, Inc.



- A. 10.0% Global Standards, LLC
- B. 21% National Union Fire Insurance Company of Pittsburgh, Pa.
- C. 0.75% American Life Insurance Company
- D. 6.67% American Pacific Insurance Company, Inc.
- E. 0.12% American Pacific Insurance Company
- F. 25.78% American International Group, Inc.
- G. 2.82% American International Underwriters Overseas, Ltd.
- H. 0.21% American International Pacific Insurance Company
- I. 0.5% American International Pacific Insurance Company
- J. 0.48% American International Pacific Insurance Company
- K. 32.06% American International Underwriters del Ecuador S.A.
- L. 10% AIG Casualty Company
- M. 20% The Insurance Company of the State of Pennsylvania
- N. 10% AIG Casualty Company
- O. 32.09% 21st Century Insurance Group
- P. 45.88% United Guaranty Corporation
- Q. 75.03% United Guaranty Residential Insurance Company
- R. 99.96% United Guaranty Servicios Administrativos, S. de R.L. de C.V.
- S. 99.999% AIG United Guaranty Mexico, S.A.
- 1. 0.5% American International Pacific Insurance Company
- 2. 2.5% AIU Insurance Company
- 3. 0.71% Birmingham Fire Insurance Company of Pennsylvania
- 4. 2.21% Commerce and Industry Insurance Company
- 5. 1.77% The Insurance Company of the State of Pennsylvania
- 6. 47.82% Lexington Insurance Company
- 7. 0.26% Granite State Insurance Company
- 8. 9.65% National Union Fire Insurance Company of Pittsburgh, Pa.
- 9. 20.69% New Hampshire Insurance Company
- 10. 0.32% Illinois National Insurance Co.
- 11. 0.074% New Hampshire Indemnity Company, Inc.
- 12. 5.8% AIU Insurance Company
- 13. 1.6% AIG Casualty Company
- 14. 5% Commerce and Industry Insurance Company
- 15. 4% The Insurance Company of the State of Pennsylvania
- 16. 1.7% Lexington Insurance Company
- 17. 22% National Union Fire Insurance Company of Pittsburgh, Pa.
- 18. 26.4% New Hampshire Insurance Company
- 19. 0.7% Illinois National Insurance Co.
- 20. 0.2% New Hampshire Indemnity Company, Inc.
- 21. 0.6% Granite State Insurance Company
- 22. 5.75% AIU Insurance Company
- 23. 1.62% AIG Casualty Company
- 24. 5.06% Commerce and Industry Insurance Company
- 25. 4.05% The Insurance Company of the State of Pennsylvania
- 26. 1.67% Lexington Insurance Company
- 27. 22.06% National Union Fire Insurance Company of Pittsburgh, Pa.
- 28. 26.35% New Hampshire Insurance Company
- 29. 0.73% Illinois National Insurance Co.
- 30. 0.17% New Hampshire Indemnity Company, Inc.
- 31. 0.06% Granite State Insurance Company
- 32. 32.06% American International Underwriters del Ecuador S.A.
- 33. 10% AIG Casualty Company
- 34. 20% The Insurance Company of the State of Pennsylvania

ANNUAL STATEMENT FOR THE YEAR 2008 OF THE Yosemite Insurance Company

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP  
PART 1 - ORGANIZATIONAL CHART



O. 16.37% American Home Assurance Company  
 30.98% Commerce and Industry Insurance Company  
 20.56% New Hampshire Insurance Company  
 P. 35.12% New Hampshire Insurance Company  
 19% The Insurance Company of the State of Pennsylvania, PA  
 Q. 24.97% United Guaranty Residential Insurance Company of North Carolina  
 R. 0.04% United Guaranty Services, Inc.  
 S. .001% United Guaranty Services, Inc.  
 T. 50.99% Rich Development Limited  
 U. 16% American International Underwriters, Limited  
 V. 51% American International Group, Inc.  
 W. 20% PT Asta Indah Abadi  
 X. 90% American International Reinsurance Company, Ltd  
 Y. 14% AIG Star Life Insurance Company  
 Z. 40% American International Underwriters Overseas, Ltd.

AA. 20% AIG Star Life Insurance Co., Ltd.  
 BB. 01% International Technical and Advisory Services Limited  
 CC. 10% International Technical and Advisory Services Limited  
 DD. 8% Hellenic Insurance Co.S.A.  
 EE. 50% American Life Insurance Company  
 FF. 7.5% AIG Egypt Insurance Company S.A.E.  
 GG. 05% International Technical and Advisory Services Limited  
 05% Borderland Investments Limited  
 HH. 50% AIG Europe S.A.

II. 49% American Life Insurance Company  
 JJ. 5.01% International Technical and Advisory Services Limited  
 KK. 301% International Technical and Advisory Services Limited  
 LL. 5% American Life Insurance Company  
 MM. 49% American International Group, Inc.  
 NN. Although no AIG company owns an equity interest in Union Excess, control over Union Excess may be implied through the timing and nature of certain reinsurance commutations

December 31, 2008

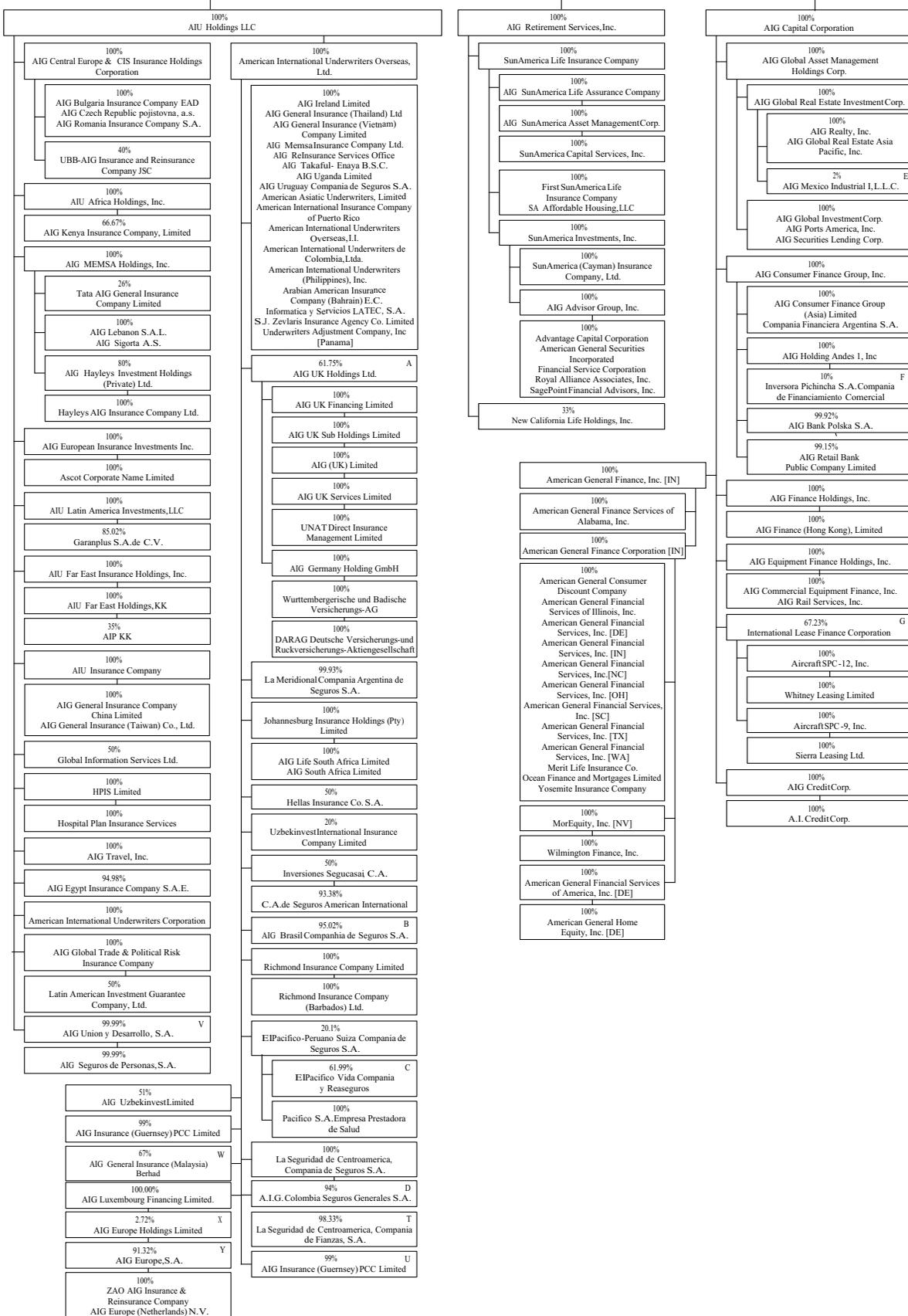
ANNUAL STATEMENT FOR THE YEAR 2008 OF THE Yosemite Insurance Company

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American International Group, Inc.

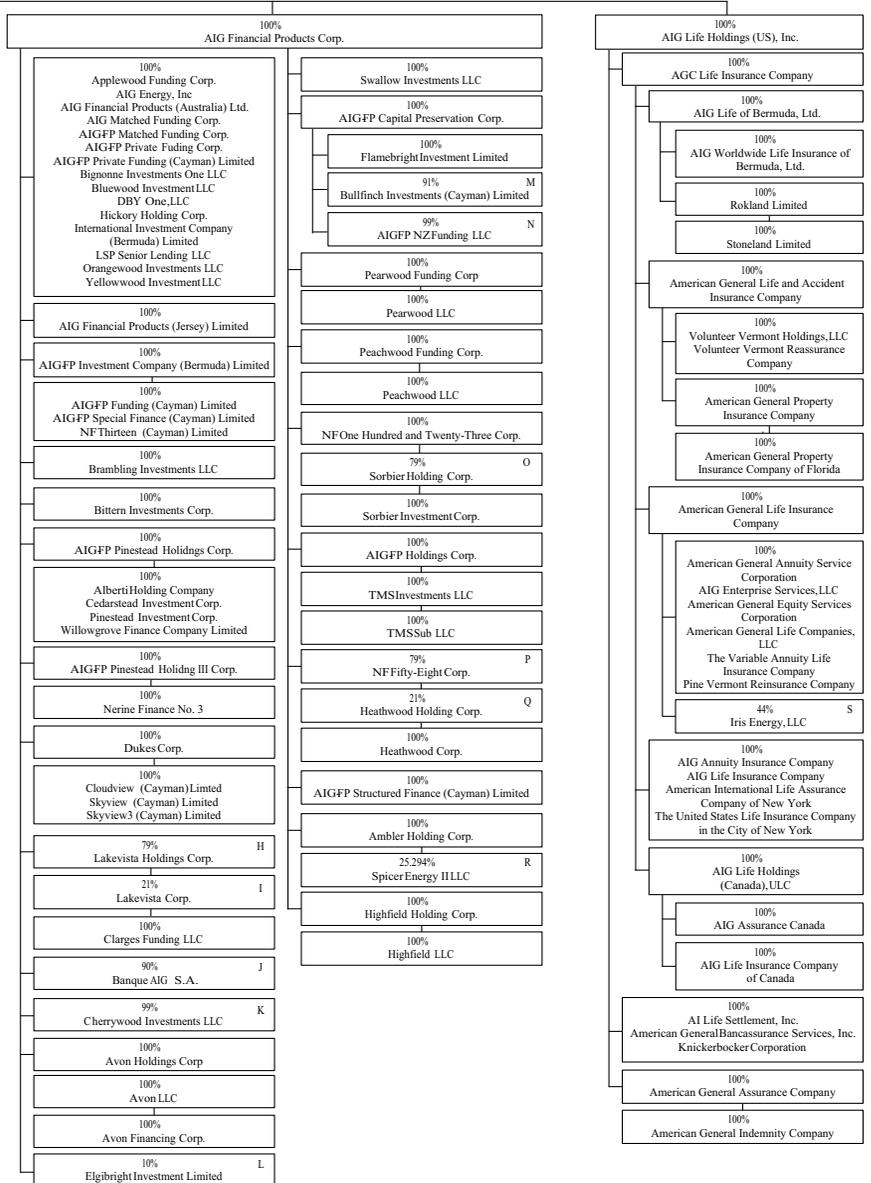


A. 5.15% American International Company, Ltd.  
2.33% AIG Ireland Ltd.  
0.8% New Hampshire Insurance Company  
29.97% American International Underwriters Overseas Association  
B. 11.443% American Home Assurance Company  
1.955% American Life Insurance Company  
C. 38.01% American Life Insurance Company  
D. 3.24% American International Underwriters de Colombia, Ltd.  
E. 49% American Home Assurance Company  
49% Lexington Insurance Company

F. 89.98% AIG Andes II  
G. 32.77% National Union Fire Insurance Company of Pittsburgh, PA  
H. 21% NF Fifty-One (Cayman) Limited  
I. 79% AIG Financial Products Corp  
J. 10% AIG Matched Funding Corp  
K. 1% AIG-CP Capital Preservation Corp.  
L. 90% AIG Financial Products Hong Kong Limited  
M. 9% AIG Financial Products Corp.

ANNUAL STATEMENT FOR THE YEAR 2008 OF THE Yosemite Insurance Company

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP  
PART 1 - ORGANIZATIONAL CHART



N. 1% AIG Financial Products Corp.  
 O. 21% NF Fifty-eight Holding (Cayman) Limited  
 P. 79% AIG Financial Products Corp.  
 Q. 25.296% American General Life Insurance Company  
 R. 1.2% Spicer Energy LLC  
 S. 44% American General Life Insurance Company  
 T. 1.67% American International Underwriters (Guatemala), S.A.  
 U. 1% AIG Insurance Management Services (Guernsey) Ltd.  
 V. .01% AIU Latin America Investments, LLC

W. 10% American Home Assurance Company  
 X. 97.28% American International Underwriters Overseas Association  
 Y. 8.68% American International Underwriters Overseas, Ltd.

December 31, 2008

**OVERFLOW PAGE FOR WRITE-INS**

ANNUAL STATEMENT FOR THE YEAR 2008 OF THE Yosemite Insurance Company  
**OVERFLOW PAGE FOR WRITE-INS**

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3404.									
3405.									
3406.									
3407.									
3408.									
3409.									
3410.									
3411.									
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3421.									
3422.									
3423.									
3424.									
3425.									
3497.	Summary of remaining write-ins for Line 34 from overflow page								

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